

# THE NATION'S BUSINESS

June

1922

## What We Learned About Marketing

By CONGRESSMAN SYDNEY ANDERSON

### Wanted: More Coal and Fewer Mines

By GEORGE OTIS SMITH

### The Great Mistake Ingersoll Made

By SILAS BENT

### How the Banker Sizes Up the Borrower

By ALBERT N. HOGG

### Ships Can Be Run without Subsidies

By ROBERT DOLLAR

### Longer Credits, the Farmer's Need

By EUGENE MEYER, JR.

### And Bankers Are Easy Victims, Too!

By SAMUEL HOPKINS ADAMS

Tariff Bargaining, Senate Style

A Business Man Ambassador

What about this Radio Industry?

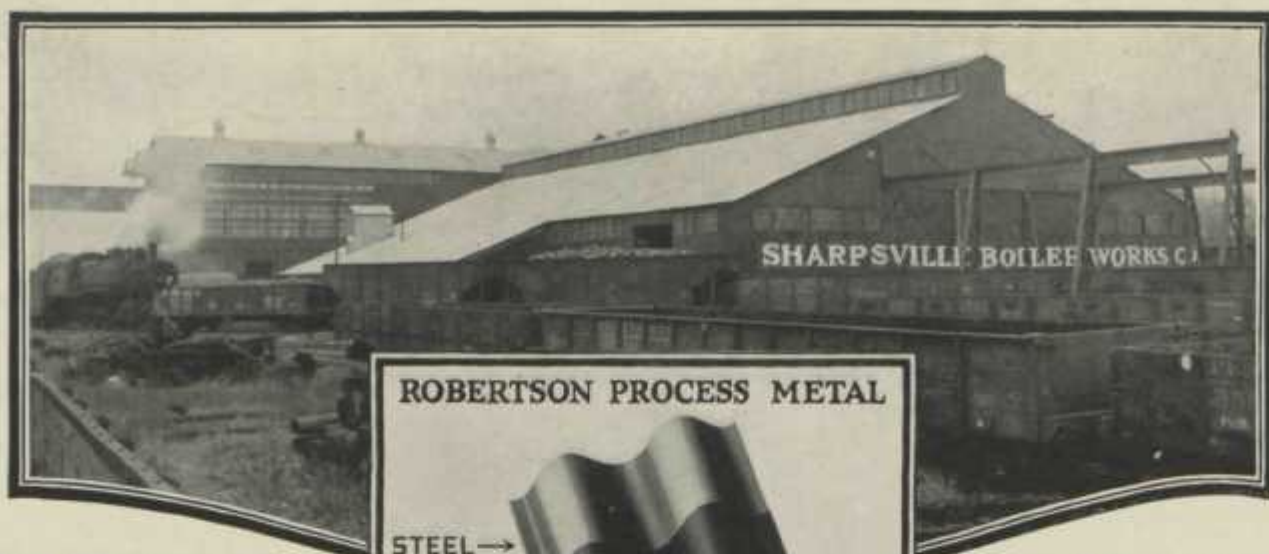
*A special number of The Nation's Business devoted to the Annual Convention of the Chamber of Commerce of the United States will be issued early in June*

25 Cents





# Saves Its Cost in Paint and Repairs



## The Product

Following is a brief description of the Robertson Process of metal protection:

The steel core is cleansed and then immersed in a special refined asphalt compound. It is hermetically sealed against all destructive elements. The asphalt coating is then protected by an insulating cover of asbestos felt previously saturated with asphalt. Because of its fibrous-rock character asbestos is indestructible.

By powerful machinery these two protective coatings are thoroughly bonded to the metal and to each other. The third protective coat of waterproofing is then applied.

## ROBERTSON PROCESS METAL



## The Evidence

This partial list of users is significant because of the prominence of the various corporations and because *all of them have used R. P. M. repeatedly.*

	First order	
American Locomotive Co.	1913	13 orders
Bethlehem Steel Co.	1910	24 orders
Davison Chemical Co.	1908	70 orders
E. I. DuPont de Nemours & Co.	1909	29 orders
General Chemical Co.	1909	111 orders
Hudson Coal Co.	1919	31 orders
Jones & Laughlin Steel Co.	1913	22 orders
Lehigh Coal & Navigation Co.	1914	54 orders
Packard Motor Co.	1915	27 orders
Pennsylvania Lines	1909	94 orders
Standard Oil Co. and Subsidiaries	1912	100 orders
United States Steel Corporation	1908	272 orders

Robertson Process Metal (R. P. M.) used for roofs and siding on industrial buildings pays for itself out of the savings it makes in maintenance expense. Its first cost is its only cost.

The steel sheet base of R. P. M.—completely encased in a triple-protective coating of (1) Asphalt, (2) Asbestos felt and (3) Waterproofing—is rendered absolutely rust-proof. It is permanently shielded against the metal-destroying action of smoke, steam, fumes, gases, moisture—all the severe corrosive conditions to which industrial buildings are constantly exposed.

R. P. M. on the roofs and siding of the plant buildings of the Sharpville Boiler Works Co., Sharpville, Pa., (illustrated above) is saving its

cost in paint and repairs. It is providing a permanent building covering at low cost.

Because it combines the strength, lightness and adaptability of unprotected metal with immunity to rust and corrosion, R. P. M. is widely used as a roofing and siding material in almost every industry. And right now its exceptional durability and its ability to eliminate upkeep expense are more attractive than ever to executives who are making every possible effort to reduce operating expense.

The present moderate prices of R. P. M. make it easily available to buyers who are following the most rigid programs of economy. Price, descriptive literature and a sample of the material gladly sent on request.

**H. H. ROBERTSON COMPANY, Pittsburgh, Pa.**

*Factories:* Ambridge, Pa., Waltham, Mass., Sarnia, Ont.

*Branch Offices:* In all principal cities in the United States. Also London, E. C., England, Edward LeBas & Co., Dock House, Billiter St.

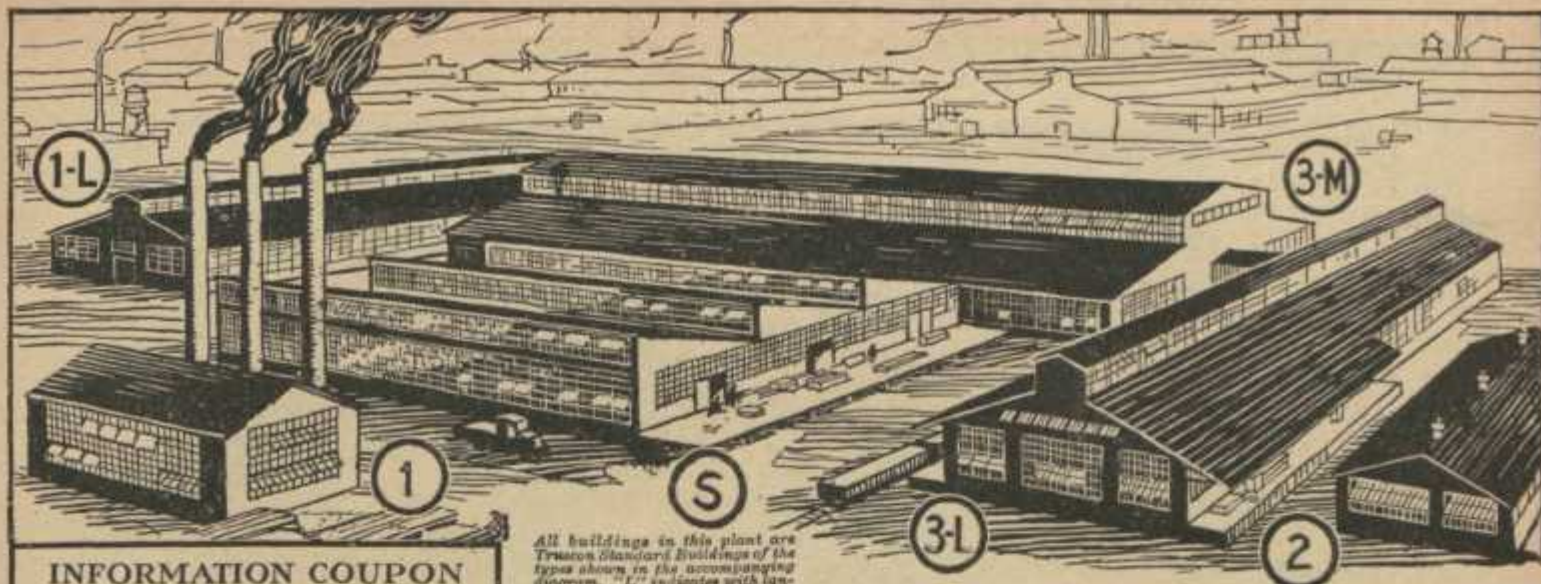
*For Canada:* H. H. Robertson Co., Limited, Sarnia. *General Sales Agents for Canada:* B. & S. H. Thompson & Co., Limited, Montreal, Toronto, Winnipeg, New Glasgow, N. S., and Vancouver, B. C.

# ROBERTSON PROCESS METAL

FOR PERMANENT ROOFS, SIDING AND TRIM

TRADE MARK REG. U.S. PAT. OFF.





All buildings in this plant are Truscon Standard Buildings of the types shown in the accompanying diagram. "L" indicates with lantern—"S" indicates sawtooth.

### INFORMATION COUPON

Diagrams show Types and sizes of TRUSCON STANDARD BUILDINGS HEIGHTS—Curb to Eave 8'-0" to 21'-4"

LENGTHS—Types 1, 2, 3 & 4 Multiple of 20' LANTERN 12'-0" wide provided at Ridge of any Building 40'-0" or more in width



TYPE 1

Widths—8'-12'-16'-20'-24'-28'-32'-40'-48'-50'-60'



TYPE 2

Widths—40'-48'-50'-56'-60'



TYPE 3

Widths—56'-60'-64'-68'-72'-76'-80'-84'-88'-96'-98'-106'-108'-116'



TYPE 4

Widths—80'-100'-112' (4 Bays @ 20'-25' or 28')



TYPE 3M

Widths—60'-64'-68'-72'-76'-80'-84'-88'-90'-96'-98'-100'-106'-108'-116'

Lengths—Multiples of 4'-0"



TYPE 4V

Width—112' Lengths—Multiples of 20'



SAWTOOTH

Widths—Any Multiple of 28'-0" Lengths—Multiples of 2'-0"

Truscon Steel Company,  
Youngstown, Ohio

Send information on building type

width \_\_\_\_\_, length \_\_\_\_\_, height \_\_\_\_\_

Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

NB6

## Exceptionally Low Cost by Building Now

Today, when all building costs are low, greater savings are effected in Truscon Standard Buildings than in other constructions. In fact these all-steel buildings are at exceptionally low prices, due to the recent rock-bottom cost of steel.

1. Lower first cost is only one of the definite savings effected by Truscon Standard Buildings.
2. Their quick erection with minimum labor starts your building earnings promptly.
3. Their low cost reduces interest charges and taxes; their permanence saves on insurance and upkeep.
4. Easily dismantled, they are re-erected in new locations without loss.

Fireproof, daylighted, well ventilated, Truscon Standard Buildings make ideal factories, warehouses, foundries, service garages, filling stations, shops, etc. They are furnished in all sizes, with pitched, monitor or sawtooth roof.

Buy Them Now at Rock-bottom Prices. Write or Wire for Information, Catalog, Etc.

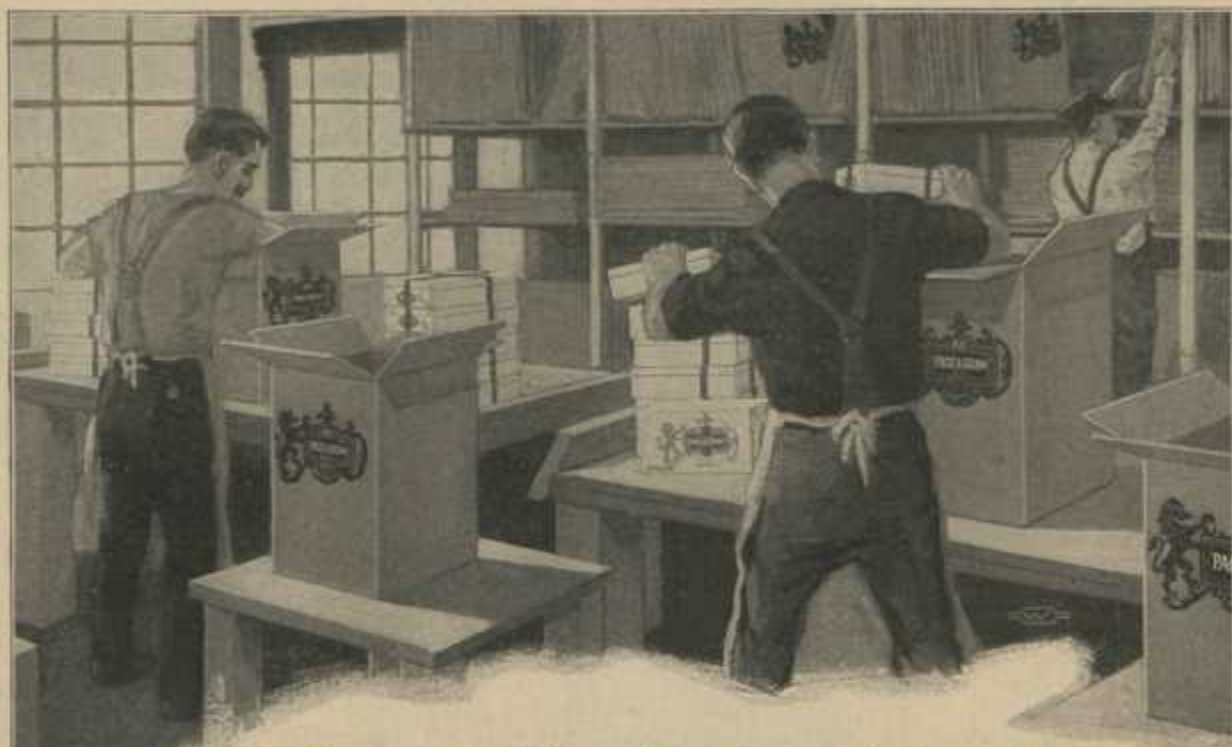
**TRUSCON STEEL COMPANY**  
Youngstown, Ohio

Warehouses & Sales Offices in Principal Cities

**TRUSCON**  
**STANDARD BUILDINGS**







## They Ship It in Fibre!

**C**ANDY is an item which more and more the big manufacturers are shipping in fibre. Over 1000 different commodities are now being shipped in Container Club Fibre! Total fibre sales reached \$70,000,000 last year! The use of fibre for shipping is *growing* because it is performing a *big function* and is *saving users big money*.

Container Club Members, alone of fibre manufacturers, are affiliated with the Mellon Institute of Pittsburgh. Hence our Members are able to supply you, without cost, with the scientific Mellon test of your present containers as against what they devise. From the test you will *know in advance*, and not have to guess, what a change to fibre will do for your business. By the use of

### *Container Club Fibre*

*you will save money over wood in first cost; save nine-tenths of your packing room space; save contents from damage, due to scientific construction; save freight for your customer (fibre weighs less); save your customers FOR YOU because of THEIR savings.*

Any Container Club Member will design, free of cost, a box scientifically constructed and tested, which will meet your every requirement. The Container Club offers a *wonderful service* and products of *superior quality*. Why not ask us about it?



Quality Mark

Address:

*The Container Club*

Dept. A3, 608 S. Dearborn St., Chicago

[Note: The Container Club is an Association of manufacturers—builders of COR-RUGATED and SOLID fibre containers of very superior quality. Their individual plants—some forty in number—are located from Massachusetts to California.]





# 80,000 Sq. Ft. for \$100,000

## Built in 60 Working Days



Interior of McDonald Machine Company's plant building, Chicago, Ill., built by The Austin Co. Same type of building as shown in large illustration above.



Plant of the International Motor Co., Allentown, Pa., built by The Austin Co.



Plant of the National Candy Co., Mt. Clemens, Mich., designed, built and equipped by The Austin Company.

On May 5th, the final closing date for the advertising forms of NATION'S BUSINESS, The Austin Company was prepared to deliver 80,000 Square Feet of building like that shown above for \$100,000. And this pre-war price still prevails, provided that steel, brick and cement have not advanced further by June 1st.

In any event this substantial structure will be the most economical type you can buy and you can have it ready for useful occupancy in 60 working days from date of order.

This is the permanent kind of building you will have:

**Excavation and Grading** for standard foundations and floors. Based on normal site and conditions.

**Concrete Foundations**—Depth 4 feet below floors. Concrete floors 3 inches thick.

**Brick Side Walls.**

**Rolled Steel Side Wall Sash,** Truscon, Fenestra, Lupton or equal.

**Mechanical Sash Operators.**

**Concrete Window Sills.**

**Structural Steel Frame,** center aisle columns punched for crane columns and girders.

**Roof Structure,** structural steel trusses, yellow pine purlins and roof sheathing. Note—Trusses designed to carry 4,000 lbs. at any panel point.

**Roof Waterproofing,** 15-year guaranteed tar and gravel roofing or equal.

The Austin type is well lighted, roomy and thoroughly ventilated. Every square foot of space is usable. It lends itself to the greatest variety of uses of any type of building you can buy.

It is, however, but one type of the buildings which Austin can deliver at equally favorable costs. Austin engineers can give you the types of buildings that best meet the needs of your business—and fully safeguard your investment. Consultation involves no obligation. Phone, wire or use the coupon.

### THE AUSTIN COMPANY

Engineers and Builders

Cleveland

CHICAGO  
DETROIT  
PITTSBURGH  
ST. LOUIS

PHILADELPHIA  
NEW YORK  
DALLAS

THE AUSTIN COMPANY OF  
CALIFORNIA, LOS ANGELES



# AUSTIN

Engineering Building Equipment

N.B. & C.  
THE AUSTIN COMPANY, Cleveland, Ohio  
Gentlemen: We would be interested in having a copy of "The Austin Book of Buildings." It is understood that this request places us under no obligation. We consent to the construction of a building—wide, high, long—  
Firm \_\_\_\_\_  
Individual \_\_\_\_\_  
Address \_\_\_\_\_



# Hotels Statler

Buffalo - Cleveland - Detroit - St. Louis

A new Hotel Statler (1100 rooms, 1100 baths) is now building at Buffalo—to open in the spring of 1923; 500 more rooms will be added later.

## Keeping You Happy at Meal-Time

By E. M. STATLER—being one of a series of ads embodying instructions to Statler employees.

**T**HE way you're served by your waiter and his helper (called a "bus boy") can make or mar your meal. The best of food, perfectly prepared, actually tastes better if it is properly served, by someone interested in the service, than it otherwise can.

That's why we are always emphasizing to our waiters that *our reputation is in their hands*. A waiter who is careless or forgetful or negligent or slovenly can take

all the good taste out of the food he serves you, and most of the pleasure out of your meal. We won't have that kind of waiters.

In a first-class hotel you pay for first-class service, as well as for first-class food. You're entitled to it, and your waiter knows it. It is with those facts in mind that we issue to the waiters and bus boys in our hotels instructions like those you see in the columns below:

### Instructions to Waiters and Bus Boys in the Statler-Operated Hotels

**T**HE waiter who has ability to please people has something that is valuable to us and to him.

"If you haven't that ability, or if you don't habitually make the most of it, you are not only earning less than a good waiter should, but you are, at the same time, hurting our reputation.

"When we say that our guests must be satisfied with the treatment they get in our dining rooms, as well as with the food they get, we mean that they must be pleased. If you can't please the person you are serving, get your captain on the job.

"We don't want anybody to leave one of our restaurants feeling that minor annoyances marred his meal; and that's the way you ought to feel. We want him to feel that he will be glad to come back to us—

and you ought to want him to be glad to come back to you. See that he does.

"Remember that good service is never fussy, but is always interested and watchful and careful.

"Take care of the diner and the tip will take care of itself. You can't keep most people from tipping when they have had good and intelligent service; but people are learning to proportion their tips to the quality of service they get.

"No waiter can stay with us who does not thank our guests for whatever tips they give him. The best waiters say as cordial a thank-you for a small tip as for a large one—and they find it a good thing to keep on doing.

"You must follow the instructions in The Statler Service Codes to the letter.

A business stands or falls by what its policies are, and how they are carried out; the Codes explain our policies fully.

"Courtesy to all guests, under all circumstances, is an obligation of yours and of everybody's who works in these hotels—and so is courtesy to your fellow-employees.

"Whatever has been your practice, in other places where you have worked, we have our own way of doing things and our own way of serving people. It will pay you to do things our way instead of some other way. Your detailed instructions about how to serve a meal, how to wait on a party, and so on, will give you many hints; study them."

*E. M. Statler*



Hotel  
Pennsylvania

Opp. Pennsylvania Terminal, New York, *The Largest Hotel in the World*



## Through the Editor's Spectacles

**J**OHN BURNAM, an occasional contributor to this magazine, writes to tell us that Representative Sydney Anderson's enlarged view of farm problems does credit to his mental heft. "Clemenceau," Mr. Burnam writes, "was a red-hot revolutionist in his turbulent young manhood, but subsequently settled down into one of the best and most conservative bargainers at Versailles"; and he adds:

There is a French saying: "To be a revolutionist at twenty shows that a man has a heart; but to be one at forty shows that he lacks a brain." As a matter of fact, to be a revolutionist at twenty is the mental attribute of a spirit full of energy, and of generous impulses. The energy and the generosity are likely in youth to be directed toward impractical purposes. But anyone who reads "Tired Radicals" will understand how years sober and steady the judgment.

We have long maintained that most agitation is based on an insufficiency of fact. The truth, the whole truth and nothing but the truth is incompatible with the revolutionary state of mind.

**O**UR article, "Give Management a Chance," by Howard Elliott, was reprinted in the *Literary Digest*, where it caught the eye of W. Hill of St. Paul, Minn. In discussing it Mr. Hill says that the railroads are indulging in extravagances, one of which is paying wages higher than those of other industries.

There are too many "supervisors" and "assistants to the assistant" in the present organization of the roads, according to Mr. Hill, and he would like to have Mr. Elliott or someone else explain why it was possible in 1913 "to run the railroads with a moderate number of officials and why in abnormal times such a very considerable number of new officials are needed." He hints that roads loaded up their personnel to discredit government ownership and are now suffering as the result. The carriers are now hampered, according to Mr. Hill, by "unbusiness-like union rules" and by the small lines which act "in a good many cases like parasites." He continues:

Both may be overcome by arbitration. Either the unions must modify their contracts voluntarily or railroads must declare for the open shop. The evil of the small lines is well recognized by the I. C. C., which has wisely ordered that they be consumed. By shrewd management small lines may derive a lot of advantages for which a big system has to pay dearly. They may use and misuse expensive equipment and, even if it is discovered, pay less for its use than the cost of maintenance. . . .

The question of freight rates has not been touched in the foregoing, but let us fall in with the chorus: Freight rates must be reduced, and they can be reduced along with the ever-rising amount of operating expenses. Mr. Elliott reminds us that the railroads are common carriers of people and property but not of all of our economic troubles. It is a sad fact that at the present they are surely the common cause of a lot of our economic troubles and a sore disappointment for both the shareholder and the public.

I fully agree with Mr. Elliott's last remark, our railroad system is surely wonderful, but why grant it a ten-year holiday? Why not get down to real work and improve it so it may be consolidated with another war-cripple,

25 Cents a Copy

\$3.00 a Year

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As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.

our Shipping Board, and instead of reaching any corner of the United States reach any trading center in the world?

**MR. GEORGE J. ZEHRUNG**, Director of the Motion Picture Bureau of the International Committee of the Y. M. C. A., writes to compliment us on "The Devious Path of the Pickle" which appeared in the April, 1922, number. Mr. Zehrung thinks that the lesson of the pickle should be put into the movies. This is something entirely new in the dramatic line. May we expect in the future to see carrots and cucumbers competing with Douglas Fairbanks, Louise Lovely and ZaSu Pitts for the applause of the movie fans?

**T**HERE is still a thrill about a foreign postage stamp. We gaze with more interest at a circular from Birmingham, England, than at one from Birmingham, Alabama.

Nor is it always a circular we find. Comes a letter written by a man who watched the Cannes conference through the spectacles of

a shrewd business man. He's a firm friend of Lloyd George, but he writes:

I am an old friend of the French people and do all I can to promote a good understanding, and I do not blame the French too much for the acute distrust with which they regard Lloyd George.

Our Premier is the supreme opportunist of all time, and his frequent changes of policy to meet the needs of the moment convey to the logical French mind a conviction that he is without principle.

On the other hand, the French are refusing to face their economic facts, and do not enforce their existing taxation, and continue to maintain a much too large army. They are impelled to do (so) by two motives; first, they profoundly distrust Germany and think their disarmament fraudulent and that they would any day attack France again if she were isolated. If U. S. A. had joined England in a carefully guarded guarantee of France against unprovoked aggression from Germany, your country would have rendered a great service to peace; second, the French intend to make Germany pay and do not realize that they want





## The Name is Fitting

THE new Royal has all the refinements that would be expected of an aristocrat of typewriters. Its title has been earned, not inherited. It is self-made. Though mute, its actions are unmistakably those of a thoroughbred. It can't help being somewhat exclusive, for masterly craftsmanship has given it true distinction.

There's a poise and dignity in the outward appearance of the new Royal that bespeak a fine character within. The cleanness and uniformity of its typing unconsciously suggest good taste, discrimination. Its marked quietness makes it a good companion for concentration. It has a respect for the feelings of others.

The Light-Running, Quiet-Running Royal combines the strength and durability of a fine machine with the responsiveness and accuracy of an instrument—the achievement that makes its name so fitting.

Our fifty-six page book, "The Evolution of the Typewriter", beautifully illustrated in color, will be mailed free on request. Address department "N".

**ROYAL TYPEWRITER COMPANY, Inc.**

364-366 Broadway  
New York

Branches and Agencies the World Over

"Compare the Work"

**ROYAL**  
LIGHT-RUNNING  
QUIET-RUNNING

two inconsistent things—a Germany prosperous enough to pay and a Germany down and out and powerless.

Three annas (is that the plural?) was the cost of bringing us the next letter. Its writer is Meherjibhai M. Ratura, "opposite old postoffice," Ahmedabad, India. Mr. Ratura thanks us for the sample copy of *The Nation's Business* for which he had asked and thus explains why he cannot subscribe:

It is a most useful Journal for any business man; but as the present abnormal Exchange Rates preclude the possibility of profitable business with America, I am postponing business with America till better times for it return. You will, then, excuse kindly my inability to subscribe the Journal for the immediate present. However, let me assure you please that I treasure the sample copy as a most precious gift to me from you.

The exchange rate also disturbs Heidenreich & Co., of Kristiana, who once "bought most of our requirements in U. S. A." They voice their complaint and suggest a remedy:

But the worst of it is the German competition: On account of that rate of exchange being about 1-30 of pari, market here is flooded with all kinds of goods at impossible low prices, which prevents our buying from U. S. A. and at the same time in many instances destroying our own industrie. As the German have got to keep up—and increase—their exports—in order to pay their debts—these conditions may become still worse.

A remedy—which may be entirely impracticable as far as Norway is concerned—is that U. S. A. deposits dollars in Norwegian banks, or buying Norwegian Kroner in sufficient quantities as to bring the rate of exchange towards the normal rate, or and that American manufacturers sell in dollars at par rate of exchange, depositing the sales amounts in Kroner in Norwegian banks, where they draw about 5 per cent interest, until rate of exchange becomes about normal and at the same time get transportation costs down.

From another corner of Europe comes a request for a service. Ansona, Duffau y Font who are "consignatories" at Malaga in Spain have heard that Shipping Board steamers are no longer to run, and beg the managing editor "kindly to recommend us a line of steamers trading between the Mediterranean and the United States."

For which they thank us "beforehand."

O. K. DAVIS, secretary of the Foreign Trade Council, eats, sleeps and breathes export. He even propounds conundrums about export. Here's one:

"What is the relation between Eskimo pie and our shipments of pianos?"

The answer, he explains, is that the demand for chocolate-covered ice cream has stimulated the demand for cacao from Ecuador and that Ecuador is settling the bill by importing pianos from the United States.

PRODUCTION statistics are more generally available than those of consumption. This, we assume, holds good for poetry as for other fabricated products. Somewhere there lurks a man, perhaps the secretary of a poetry association, who could tell us what the mileage or yardage of poetry was for the poetical year ended October 31, 1921. But why bother with the figures? We feel certain that the per capita production of poetry in the Latin American countries is larger than between the Rio Grande and the North Pole.

Even chambers of commerce recognize the importance of the industry. There lies before us the April number of the *Journal*

Every Banker Knows—

## Insurance Beats Ingenuity

for protection from loss through check raising

Why bother to write checks all sorts of ingenious ways, together with trick printing and other devices which only tempt the crook to exercise his skill, when the positive protection against check-raising losses is INSURANCE?

Thousands of bankers now give such positive protection to their depositors by supplying them, without charge, with Super-Safety Insured Bank Checks.

Insurance by the Hartford Accident & Indemnity Company guards the bank and each of its depositors using these checks against loss through fraudulent or felonious alteration.

Ask your banker if he can give you this protection, or write us for the name of one nearby who can.



\$1,000.00 of check insurance against fraudulent alterations, issued without charge, covers each user against loss.

**SUPER-SAFETY Insured BANK-CHECKS**

Insured in the HARTFORD against loss through fraudulent or felonious alterations.



**The Bankers Supply Company**  
The Largest Manufacturers of Bank Checks in the World

NEW YORK  
ATLANTA

CHICAGO  
DES MOINES

DENVER  
SAN FRANCISCO



# Half a Billion to the Good



## Reach this Market through Omaha

Farmers are again able and willing to buy. Reports show that products on farms in this territory increased \$500,000,000 in value since November 1, 1921.

Omaha dominates a great, rich farming region—a territory having:

Population: 3,500,000—66.5% rural.  
Bank Deposits: \$1,640 per family (av.)  
Farm Values: \$24,625 per farm (av.)  
(Nation's average \$12,085 per farm)

We can show you how to reach this rich territory through Omaha.

Ask for Sales Analysis No. 73

CHAMBER OF COMMERCE

# Omaha

"The Nation's Fourth Railroad Center"

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is the MODERN BUSINESS CYCLOPEDIA. Contains over 15,000 definitions of accounting, banking, commercial, economic, export, financial terms, including 3,000 general and stock ticker abbreviations. Complete business education in one volume. Serves faithfully. Saves fees. You need it. Sent prepaid \$4. Money-back guarantee. Order yours NOW!

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Our one profit, direct to smokers method, serves you with fresh cigars made in our own factories, in the only section of the world that can produce perfect Havana cigars, at a big saving.

All hand made shapes and sizes in Clear Havana and blended filler; priced from \$6.00 to \$18.50 per 100. Write us on your letterhead stating shape and color you like and price you pay. We will then send you some to try.

THOMPSON & COMPANY, Inc.

720 Twiggs Street TAMPA, FLORIDA

of the American Chamber of Commerce of Mexico, and we read:

## Prize Poems on the Volcanoes

The *Journal* offers a prize of fifty pesos for the best poem about Popocatepetl and Ixtaccihuatl. The only condition is that the two volcanoes shall be mentioned in the poem. It may be free verse or rhyme, long or short, any metre.

Apparently one need not rhyme Popocatepetl and—that other one. But Popo can be rhymed. Arthur Guiterman has a poem, not entered in the race, but published on the same page as the announcement, which rhymes it bravely:

When the mists of even settle  
Over Popocatepetl  
Dropping dew,  
Like the condor, over yonder  
Still I ponder, ever fonder,  
Dear, of you!

We have no intention of venturing into the competition but after peeking into the dictionary to learn the pronunciation of that other and more fearsome name, we submit this beginning of an ode:

Pour, oh pour, the pulque bottle!  
Sing, oh sing, Ixtaccihuatl!

That's as far as we have gone or shall go, but we're glad to note what one Chamber of Commerce is doing to stimulate both the production and the distribution of poetry.

JOHN A. REA, formerly president of the Board of Regents of the University of Washington, writes in regard to Col. John Ross Delafield's article on "Those Difficult War Debts" that he does not see how cancellation of the inter-allied debt "would result in a business boom," and continues:

"We are not asking for payment of either interest or principal. Both are withheld and may be for a decade.

Meanwhile why don't our factories open? Is the rate of exchange so high solely on account of these debts? No. Isn't postponement of payment practically the same as a formal cancellation? If we forgave all of our debts Europe would still be in ferment. Only a gesture.

OUR anecdote about Viscount Kato, the Japanese nobleman who observed that the trouble of the world was "too many events," prompts "A Subscriber" to write us concerning our comment that too many of us are running around in circles:

Too many have kept traveling straight down the same road followed in 1919, until, reaching the end, they fell over the precipice.

Sometimes it is safer to travel for a while in a circle than to go too far in a straight line.

THE *Congressional Record* ranks high in the list of our favorite periodical publications. We were idling through its pages yesterday when we came upon an article which seemed strangely familiar.

The farther we read the more familiar it grew. At last it dawned upon us. It was the article "War Doesn't Pay" by Pierre S. DuPont, which THE NATION'S BUSINESS printed in October, 1921, and here it was, read into the *Record* by Congressman Layton of Delaware as an address by Mr. DuPont. It may be that there are those who read the *Record* and not THE NATION'S BUSINESS. We hope not, but if there are, we welcome this wider publicity for Mr. DuPont's excellent article.

M.T.

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more likely five—a peculiar turn in market conditions offers a most remarkable opportunity for profit. Such development has already begun!

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### MEMO

### For Your Secretary

Write Roger W. Babson, president of Babson's Statistical Organization, Wellesley Hills, 82, Mass., as follows: Please send me reprint from Bulletin #41 and booklet, "Getting the Most From Your Money"—gratis.



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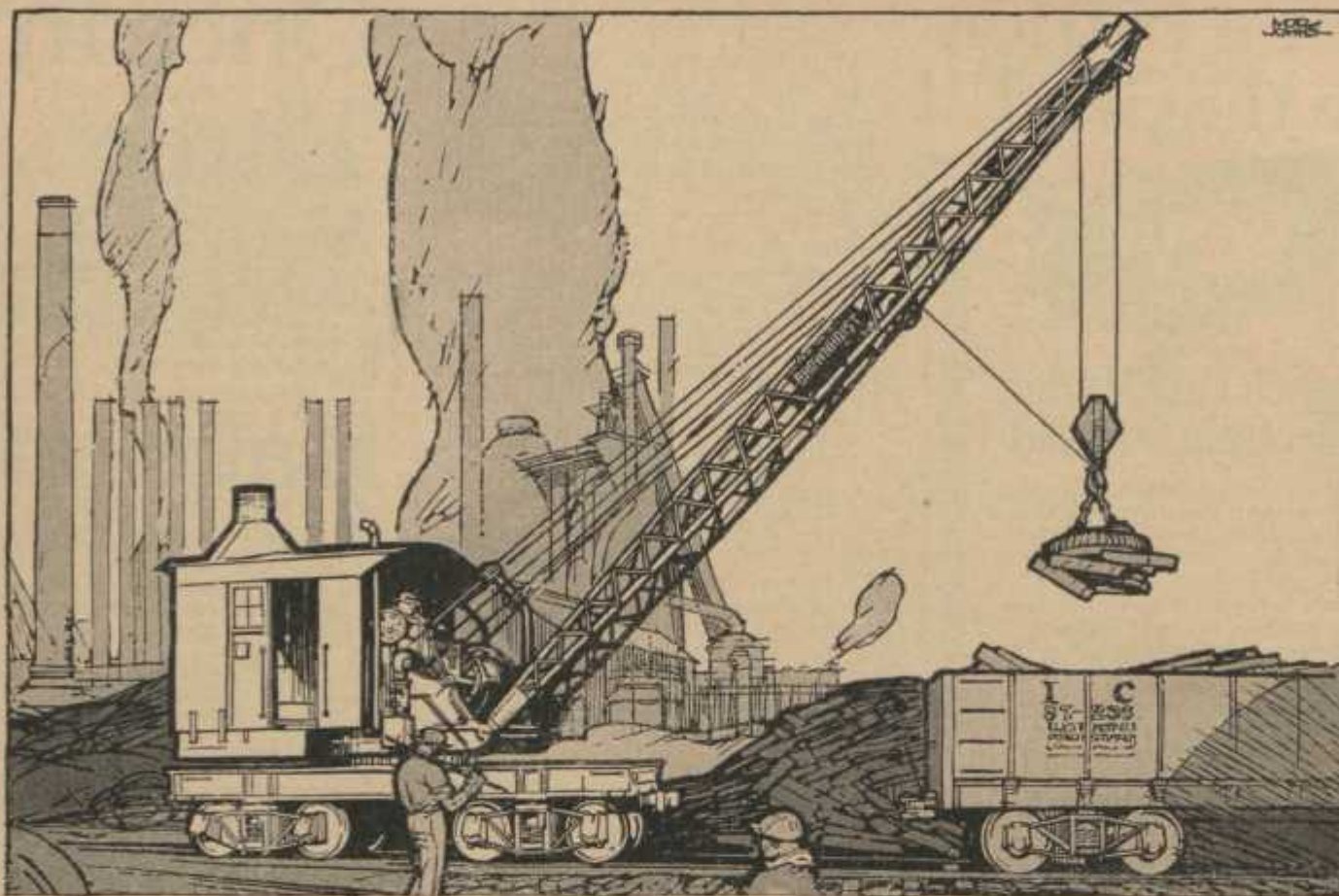
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# THE NATION'S BUSINESS

A Magazine for Business Men

VOLUME 10, NUMBER 6

JUNE, 1922

## It's Distribution That Costs!

By REPRESENTATIVE SYDNEY ANDERSON

*Chairman of the Joint Commission of Agricultural Inquiry of Congress*

IT COSTS more today to transport, sell and deliver commodities produced in the United States than it does to produce and manufacture them. This amazing condition at once presents the problem and reveals the revolution which has taken place in the manufacture, transportation, sale and distribution of commodities in this country.

We do not have much data upon either manufacture or distribution thirty years ago, but it is safe to say, speaking generally, that thirty years ago manufacturing was done in small volume at high unit cost and that distribution was relatively local and distribution costs relatively low. The evolution of modern machinery and its substitution for hand labor and the development of mass production revolutionized the processes of both manufacture and distribution. Mass production increased the volume of manufactured goods and reduced the unit cost. Production outran local demand, necessitating wider markets developed at increasing expense through specialized sales agencies and tremendous advertising campaigns, until today we have a reversal of the situation of thirty years ago with mass production at small cost and national distribution at high cost.

We do not know and it will probably never be possible accurately to ascertain the average return of the original producer of the raw material from the consumer's dollar, but such data as have been accumulated indicate that it is probably not more than 28 cents at the local market.

Again, the proportion of the consumer's dollar represented by the cost of manufacture varies widely with the degree of manufacture and fabrication represented by the article, and an average figure representing this cost would have to be made with many reservations. However, this cost probably does not exceed from 10 to 17 cents of the consumer's dollar, and it is quite certain that the cost of production and manufacture together are less than the total cost of transportation, selling and delivery.

I give below examples of what the consumer actually pays for in buying certain commodities and how the price is divided up. The figures were arrived at through extensive research by our joint congressional commission which has been working for months on this difficult and intricate problem.

In buying a dozen oranges for 75 cents in 1921, you would have paid the different agencies as follows:

	Cents
Grower .....	23
Harvesting, packing and selling paid by growers' exchange .....	08.8
Transportation .....	16.3
Transportation tax .....	00.5
Wholesaler .....	06.1
Retailer .....	20.4

And here is how \$10, paid for a pair of shoes, splits up:

Retailer receives \$2.83 of which .....	\$2.50
is expense of operation and .....	33
is profit.	
Manufacturer receives \$7.17, of which .....	3.85
is raw material.	
Cost of manufacture .....	1.83
Overhead and selling cost .....	1.09
Profit .....	31
Tax .....	09

One dollar spent for corn flakes is divided this way:

	Cents
Cost of production and manufacture ..	36.6
of which the producer receives .....	21.0
Paid for transportation .....	09.9
To elevator .....	01.6
Cost of manufacture .....	08.1
Cost on distribution was 62.4 of which—	
Manufacturer's cost of selling was .....	07.3
Advertising .....	04.5
Transportation .....	09.1
Taxes .....	07.0
Profit .....	07.5
Wholesaler's operating expense .....	07.0
Profit .....	01.7
Retailer's operating expense .....	13.1
Profit .....	6.0

The problem which this situation presents

is not a problem exclusively, or, necessarily principally, of the producer, manufacturer, transporter or distributor of goods. All of these have a part in it and must necessarily be concerned in its solution, but no complete solution will be possible except upon the basis of the consideration of the question as a national problem. A definite improvement in the situation considered nationally must be predicated upon a more accurate and comprehensive basis of fact than we have at present.

The first impression gained by the investigator of distributive processes is that the knowledge of distribution in a national sense is fragmentary, unorganized and inconclusive, but sufficient data are available to enable us to suggest some of the factors effective in widening the spread between the producer and the consumer and to indicate the direction in which the remedial processes may be applied. In the first place it seems axiomatic that the cost of distribution is influenced by the number and variety of consumer's goods produced and the number and variety of services which attach to them all along the line.

The complexities of modern civilization, requiring sales in smaller quantities, more expensive delivery, a more complete state of manufacture, particularly in the case of foods which are purchased in their cooked state ready for the table, in many instances are also a large factor in increasing the cost of distribution. These costs must be regarded apparently as a permanent addition to the high cost of living.

At the other end, particularly in agricultural commodities, the unorganized character of the production and selling processes have much to do with the increasing costs of distribution. I am told, for instance, there are more than 500 commercial or planter's varieties of cotton, varying greatly in length of staple, tensile strength and spinning qualities. It seems probable that, if the number of these varieties could be reduced and the varieties standardized, great economies could be effected not only in production but in distribution.

Farm products are usually sold in small lots, unsorted and ungraded as they come from the farm. The handling of such commodities, for which the producer assumes no responsibility in the way of a guarantee as to quality, grade or standard, involves a risk which necessarily increases the margin taken by the middleman. If

### Who Gets the Money?

IN the MAY NATION'S BUSINESS, James B. Morrow told something of Sydney Anderson and the Congressional Commission of which he is chairman. This body has just completed a remarkable investigation of distribution. Instead of relying on figures already in stock at the government departments they went to original sources. They were aided in different parts of the country by voluntary committees made up of shippers, transportation experts, middlemen and retailers. As a result we have for once a definite answer to the ancient question: Why does the consumer have to pay so much when the producer gets so little?

Fresh from the discoveries of the commission, Mr. Anderson makes some very interesting comments on the virtues and failings of our national system of delivery.

THE EDITOR



these risks are reduced through cooperative organization of farmers, who sort and grade the product and guarantee its quality and grade, the costs of distribution will be reduced all along the line.

In the manufacturing and distributive fields it seems likely that three factors are largely influential in increasing costs of distribution; these factors are over-plant capacity, over-production and excessive competition. Excessive plant capacity makes for high capital cost, excessive overhead cost per unit of production and seasonal employment, all of which tend to increase the cost of manufacture. This over-capacity in manufacturing is often duplicated in the distributive agencies.

In suggesting over-production as one of the factors tending to increase the cost of distribution, I do not, of course, mean to suggest that there are often, if ever, more goods produced than the desires or even the needs of the people require. I have rather in mind production in excess of present demand which tends to congest the channels of distribution, reducing the turn-over of the distributive agencies and creating a dam which slows down, or stops altogether for the time being, the processes of manufacture.

Manufacturers frequently endeavor to break into markets already congested at long distances from the points of manufacture with parallel lines when better markets, more easily accessible at lower costs, are available. Again, the market is congested with manufactured goods sold as a result of enormous advertising campaigns and tremendous sales effort when a more intensive study of the market and its requirements would make possible an even flow of merchandise throughout the year without congestion. Over-production in the sense I have indicated increases distributive costs by adding to idle stocks with consequent increases in charges for storage, interest, depreciation and obsolescence.

### You Pay for Duplication

IN suggesting that over-competition may be a factor in increasing distributive cost I have no idea of proposing that competition should be eliminated; I am only suggesting that the competition which duplicates manufacturing plants and wholesale and retail distributing agencies of all kinds may be a very considerable factor in increasing the cost of these processes. It is quite possible that the price reductions which might normally be expected to flow from the keen competition of a large number of competing distributive agencies is more than offset by the increased number and the larger overhead and selling expense which must be charged against the goods sold by all of them.

We do not know to what extent the special services, convenience or advantages involved in quality of service, convenience, store environment, sales effort, credit and delivery are offset by the economies resulting from the increased volume. They may be more than offset in the case of individual stores, but considering distributing agencies as a whole, it is altogether probable that the costs of distribution, more particularly in the retail lines, are increased by the competition which compels a duplication of these services and conveniences in all of the stores competing for the same general class of trade.

It seems probable that the ideal distribution system contemplates the even flow of merchandise from plants operating continuously through the smallest number of efficiently conducted distributive agencies to meet an established demand. It is much

easier to suggest an idea than to bring it about. The ideal is the result of philosophy and its consummation is the result of the application of established method and practice to a basis of known facts. We do not know enough about the processes of distribution to measure accurately the factors which influence price and costs and their influence upon each other. The facts of distribution are still to be gathered and knowledge of distribution is still to be organized.

In this respect the distributive trades differ from engineering, finance, medicine or other professions, in which the experience of ages has been accumulated, the basic formulae established, and the knowledge organized for the benefit of the profession and of humanity.

The man who wants to be an engineer or lawyer or doctor will find the accumulated experience of his profession and its organized knowledge brought together where it is readily accessible. He does not need to go back to first principles or to work out its fundamental formulae. These have been accumulated and organized for him, and in the schools and universities he can acquire, in a few years of study, basic knowledge of principles and practice essential to fit him as a practicing member of his profession. But the man who desires to enter the field of distribution cannot find today the assembled facts or the organized knowledge of the fundamentals of distributive economics which he should have as a basis of his business career. These include not only a knowledge of the business which he seeks to enter, but some understanding of the relation of that business to other distributive processes.

Most of the distributive business of the country is done by rule of thumb. The average business man learns his trade by growing up in it. His business knowledge is consequently limited to his own experience and what has been handed to him by those with whom he has been associated. If the problems of business were not so practical, if, in other words, they were more scientific and theoretical, the business man would at once recognize the necessity of a sound basis of organized knowledge upon which to predicate his decisions. But because business is practical the business man assumes that his problems may be wisely solved on the basis of his own experience, plus what he terms horse sense. As a matter of fact, there is as great need for the establishment of a sound basis of facts in the distributive field as there ever was in any scientific field.

The business man's problem cannot be solved for him by the Government, by his trade associations or any other agency. Two factors are necessary for their solution: first, the establishment of a comprehensive and sound basis of organized knowledge and principle, and, second, a recognition on the part of the business man that business decisions must be predicated upon business ex-

perience plus a sound basis of economic fact. Business records are notoriously inadequate. Probably not more than 9 per cent of the business institutions of the United States have cost systems. Distributive processes will continue to be more or less unorganized, wasteful and inefficient so long as the business man insists upon trying to carry around the accumulated business knowledge of the world in his head instead of helping to create a basis of accumulated fact, representing not only his own experience but the experience of the distributive agencies of the country as a whole, which will be readily accessible as a basis for wise judgments.

The average man's business day is made up of an infinite complexity of detail, and he is so immersed in this sea of small things that he has neither the time nor the inclination to consider the distributive system as a whole or his particular relation to it, or his responsibility as a part of it to the public. He accepts the conventional theory and practice of distribution because he does not have the time to think out new methods or new practices more definitely adapted to the requirements of his business in its relation to the business of others with whom it contacts. If the business man could be persuaded to consider production and distribution from the standpoint of the other fellow, including the consumer, and could be induced to develop the market for his product from this point of view, there would be less congestion of distributive channels and a more even flow of merchandise in response to the consumer's demand. The business man himself holds the key to improvement in distributive processes.

### Legislation Not the Remedy

IMPROVEMENT in distributive processes with consequent reductions in costs cannot come as the result of legislation except as legislation may help to set in motion economic forces to this end. Definite permanent improvement must come through a better knowledge of the processes involved and sounder practices on the part of those directly concerned. The first thing that must be done to accomplish this result is to get the basic information from which the formulae of principle and practice in the distributive professions can be worked out. This means the setting up of the necessary machinery, preferably under private and disinterested auspices, for getting this information with the cooperation of the various distributive agencies affected and the help of the government departments charged with the study and direction of marketing and distribution.

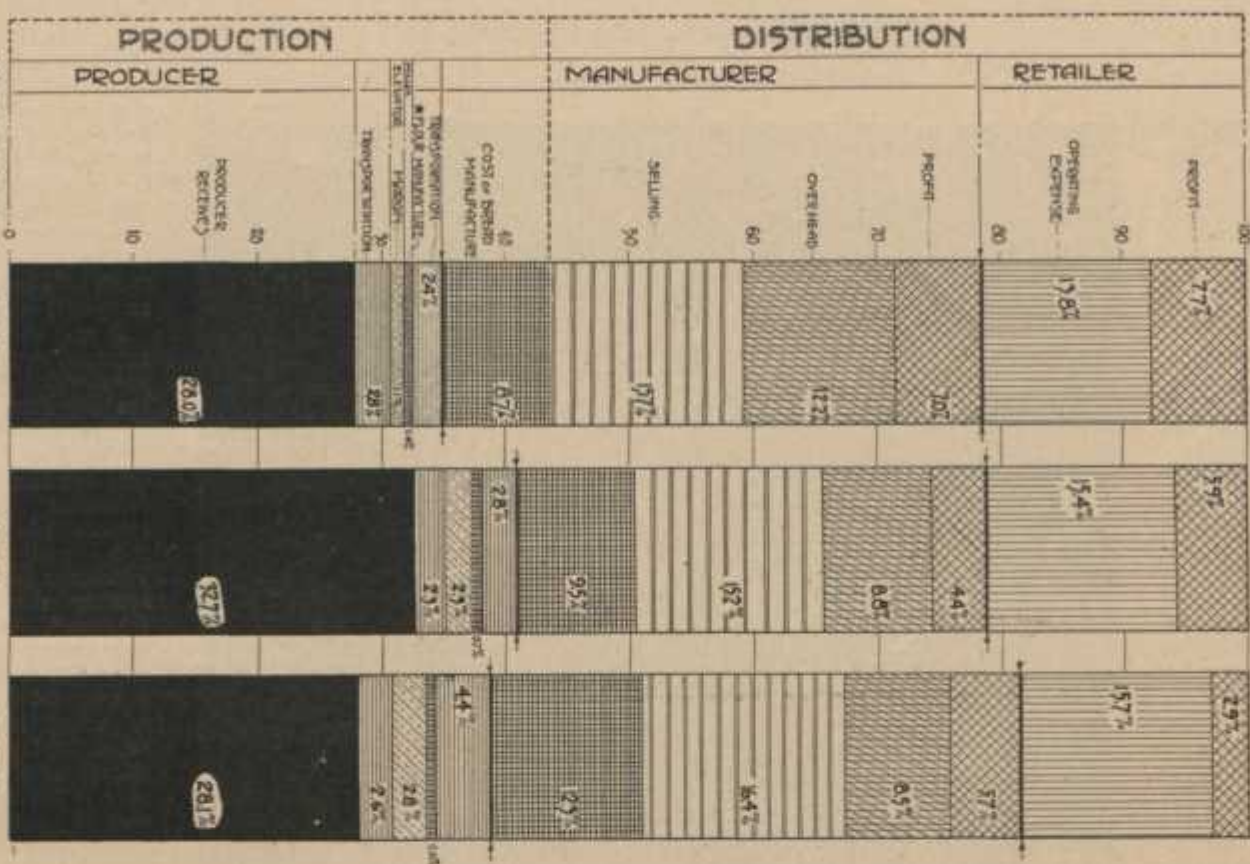
I should like to see the Department of Commerce furnished with sufficient appropriation and clothed with the necessary authority to secure, through cooperation with trades and trade organizations, the basic information upon which more intensive and comprehensive study of distribution could be made. I would like to see the genius of the American people directed toward the solution of this problem, for I believe the genius which evolved mass production if directed toward the solution of the problem of distribution, can do much toward narrowing the spread between the producer and the consumer. Improvement in distributive processes cannot be brought about over night; it must of necessity be the result of more definite knowledge and organization of the facts of distribution and of a long period of careful and sound experimentation. I do not have the slightest doubt that the genius of the American people, aroused to the fact that there is a problem of distribution, will find a satisfactory solution.





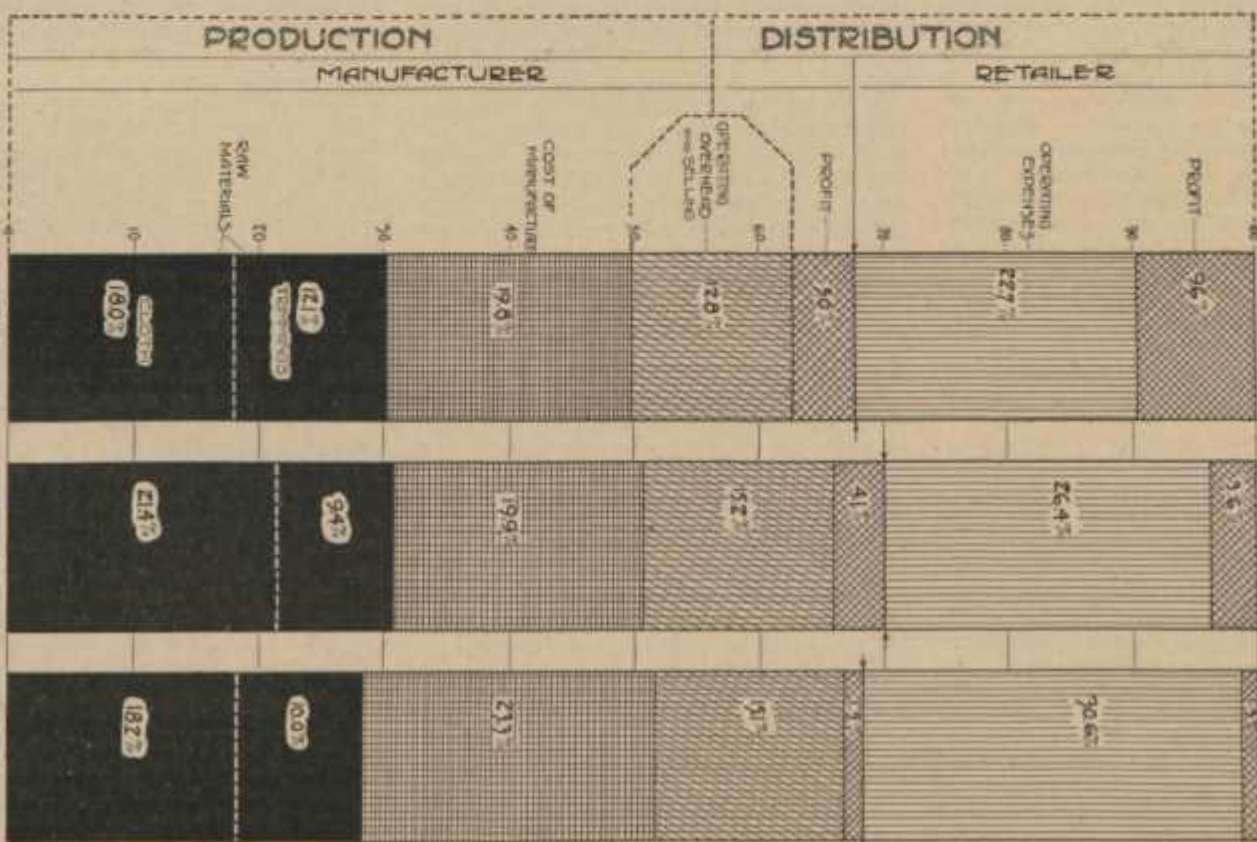
## BREAD

DETAILED DISTRIBUTION OF THE CONSUMERS DOLLAR  
BETWEEN THE  
PRODUCER, MILLER, MANUFACTURER AND RETAILER.



## MENS SUITS

DETAILED DISTRIBUTION OF THE CONSUMERS DOLLAR  
BETWEEN THE  
MANUFACTURER AND RETAILER.



These charts, published here for the first time, show where the money goes in two important commodities.

Joint Committee of  
Agricultural Inquiry

Joint Committee of  
Agricultural Inquiry



# Wanted: More Coal, Fewer Mines

By GEORGE OTIS SMITH

*Director, United States Geological Survey*

A COUPLE of weeks ago, at the Hampton Normal and Agricultural Institute, I saw a Plymouth Rock hen with 276 eggs to her credit as the measure of a year's work. As I am not a hen enthusiast, my mind wandered from poultry records to a subject nearer my heart; I found myself comparing this hen's year with the coal mine worker's year. Last year the average soft coal mine of the country was open for work only 170 days, and the average year in the soft-coal industry over a long term of years contains only 215 working days—to that extent is the output of the coal miner limited by causes beyond his control.

But to come back to the hen: all over our country scientific breeders are working on the problem of increasing egg production—of adding days to the hen year—and they are succeeding, for a Washington State experiment station furnishes records of several hens that are putting in about 300 days of productive effort to the year. True, these are not average hens, but the outstanding fact is that man-controlled evolution has bred these super-hens up from average hens. That Virginia hen with the 276-egg record is a better worker than any of her ancestors, and therefore she represents the type of American producer that the country needs. If we look back thirty years over the coal industry, however, we see no increase in the length of the working year. Man's control of coal mines does not seem to work out as well as man's control of hens.

Yet there is the same kind of public concern in the length of the coal-mining year as in the length of the egg-laying year: coal miners work by the year just as hens work by the year, and the cost of coal is related to the number of days on which the mine operates in the year just as the cost of eggs is related to the number of days on which the hen lays. In this respect the coal business and the egg business conform to the same economic law, but are we making as much progress with coal as with eggs?

The individual citizen has a larger interest in coal than he may realize. Of the 6 tons that our statistics show are consumed by the average man, woman, and child in the average year, only one ton is burned under the personal supervision of the householder in heating our homes and cooking our food, whereas 2 tons are used on account of each of us at the power stations or in the industrial plants, large and small, another ton in running our coal mines and in making coke



Photographic study of a miner by Lewis W. Hine

and gas, and  $1\frac{1}{2}$  tons are burned by the railroad locomotives in hauling the freight each of us needs and in making possible our own journeys.

Look behind the scenes and we find coal connected with most of the incidents of our daily life: this printed page you are reading cost more than twice its weight in coal; each ton of the steel on which our civilization rests represents more than 2 tons of coal; even the cement that is so important in every type of construction has cost half its weight in coal. The coal mined each year and converted into steam power actually performs more mechanical work than the army of coal miners who produced it could do in more than a thousand years; to that extent does coal multiply our man power. We move about our cities and between our cities by coal power, and even with a daylight-saving schedule we work and play many hours by coal-generated light. Sum it all up and we find that we depend so much upon coal that to close down all the coal mines in midwinter would not only quickly turn off our heat and light but would soon leave us idle and hungry. Coal is our shortest word for industry and comfort.

And considerable coal is contained in the ice you buy, for the 100 pound block of ice in the delivery cart at your door represents at least 10 pounds of coal burned at the ice factory.

The average citizen, then, cannot escape his annual coal bill, whether he pays it directly or indirectly; like the drummer's overcoat, that 6 tons of coal are in the expense account, whether itemized or not. The two and a half billion dollars that our coal sells for at the mine mouth form a considerable item in the country's account for the year. What coal costs is thus a matter of large

moment in the nation's business—it may even cost more than we can pay, and then many factories and shops will be closed and the front room will be heated only on special occasions.

A coal strike may be regarded even as almost providential if it awakens the American public not only to the fact of its dependence upon coal but also to the unfortunate fact that something is wrong with this coal business. Whatever the legislative remedy that may be suggested, the basal fact must be kept in mind that coal mining is a wasteful industry—it is using many more mines and many more miners than are necessary to get out the coal that the country needs.

An inflated industry means inflated costs. Last year mines and men that could have produced nearly 700,000,000 tons of soft coal mined barely 400,000,000 tons, and yet both mines and miners expected a year's wages for their work. For this reason we have now, as a real problem in national arithmetic: How many days make a year?

Alongside that prize Plymouth Rock hen down at the Hampton exhibit stood another hen with an even better appetite for grain but only half the output of eggs—there were far too many idle days in her year. With both coal mines and hens the days that don't count in the productive year do count on the other side of the ledger, and in the long run the public actually supports the idle mines just as too many farmers feed idle hens. We need to count the working days in a year and study how to cut down the cost of eggs and of coal. Fortunately, the farmer can put his idle hens to another use: he can decrease the size of his flock without reducing the output of eggs. Hence the evolution of the hen with a 200 to 300-day year. Amortization of the idle hen is easy, but might it not also pay to use the ax to promote evolution in the coal industry and have fewer and better mines—mines that can work 300 days a year?

## There's Agreement on This

DISINTERESTED observers of the coal situation—if any of us can be truly disinterested—are agreed that the soft coal industry is overdeveloped. Excessive competition seems not to have worked out to the lasting advantage of either consumer, operator, or miner. Part-time operation of the mine and part-time employment of the miner are unsatisfactory to all concerned. In its May bulletin the National City Bank discusses this problem of giving full and regular employ-



ment to the workers needed to mine the country's coal supply. "High pay while at work, coupled with numerous days of idleness," may be an attractive program, but it is demoralizing in its influence and expensive in its results. The payment of "full-time wages for half-time work" violates economic principles, and no relief can come either to the coal industry in particular or to society in general by "any attempt to base wages upon the amount of idle time in the industry. What is wanted is less idle time."

The conclusion of the National City Bank economist is that the overcrowded occupation of mine worker must be deflated by inducing one-third of the miners to seek other work. Nor does he overlook the equally obvious requirement that a large number of mines must go out of business if we are to have a longer mining year. Other students of the problem, including many editorial writers, have come to this same conclusion—too many mines and too many miners. But with all this consensus of opinion the real problem is to determine who are the surplus miners and which are the surplus mines. Governmental intervention in the form of operation of the coal mines would surely intensify this problem rather than solve it. Politics is not yet a good solvent of economics. There seems to be no short cut to deflation, even though we may agree with the National City Bank opinion that "the coal industry is on a false basis, and kept there by mistaken leadership, supported by mistaken sentiment."

### A Difficult Patient

THE process of making this "sick" industry well, this "spendthrift" industry thrifty, this "discredited" industry a thing of better public repute, promises to be slow of accomplishment. The only route to betterment of the coal industry would seem to be that old route—learn the facts and teach them to the people. In the end, public opinion must be the force that refuses capital for unneeded mines, that refuses wages for idle miners, that encourages off-season buying and storage of coal by consumers—that compels, in short, the realization of the two ideals, cheaper coal for the consumer and larger earnings for the miner and operator. The coal-consuming public is coming to realize that, although it is the silent partner in this business, it has the largest interest; and the silent partner is now asking for an accounting.

The present coal strike will be not without benefit if the general public demands all the facts and seeks a lasting remedy for those deep-seated troubles of which the strike is only a symptom. We must confess that we do not fully know how uneconomical the average mine is in its employment of capital and labor, how much the coal we buy actually costs to mine, or how much less it should cost under better engineering management. What we already know, however, points unmistakably to the conclusion that the average coal mine operates too few days in the year and that the average worker in the average mine is not given the opportunity to work hours enough in the day or days enough in the year to earn enough to maintain a proper standard of living without his wage rate being out of accord with that of his fellows in other trades. The coal miner must not regard himself as in a preferred class, for the world owes him a living only as he earns it, but admittedly he should have a better chance to earn it. Lower wages but more pay—less per ton or per day but more tons and more days in the year—would seem to be the just and equitable way to get cheaper coal.

The public, through its Government, then

may well give attention to the coal-mine calendar and have the effort made to put more days into the coal-mine year. Seeing that our annual per capita quota of eggs—21 dozen—has a hen-house value of about \$10 and our per capita supply of coal a mine-mouth value of more than twice that amount, seeking a longer year for the coal mine would

appear to be fully as profitable a subject for public investigation as a longer year for the hen. Both coal and eggs come under the general welfare clause.

And we can start off our coal-mine study with the premise that 170 days or even 215 days do not make a profitable year in any industry.

## What About Coal Supplies?

A SURVEY of the coal production in the United States for the first month of the strike shows that we produced about 54.2 per cent of the April, 1921, output. This applies almost entirely to bituminous, since there is practically no mining of anthracite, and indicates to what extent non-union fields are taking care of the demand.

Here are the figures for the month of April:

Week ended	Total loaded cars	Average daily	% 1921
April 8	65,185	19,804	84.2
15	63,031	19,587	82.8
22	61,893	19,304	81.3
29	72,640	12,106	60.3
Total	262,668	10,944	54.6
Grand total*	272,304	10,912	54.2

\*Includes single day April 1.

\*Based on average daily loading April, 1921, of 20,054 cars.

Figuring on a basis of 50 tons per car, the average loading per week for the four weeks was 3,283,350 tons.

Anthracite supplies are being obtained from stocks on hand. The United States Geological Survey has published figures based on statements from 648 typical retail dealers, showing the days' supply of anthracite usually carried by them on April 1, as follows:

	Days
April 1, 1919	31
March 1, 1920	21
April 1, 1921	26
March 1, 1922	28

Information obtained from unofficial sources indicates that, on April 1, there were in the hands of the producers at various points in the east and in storage on the Upper Lake docks approximately 3,000,000 tons of anthracite and 1,000,000 tons of by-product coke suitable for domestic purposes.

Assuming that this supply could be evenly distributed among all consumers, it will last several months. In considering this estimate, it should be borne in mind, however, that each locality has its own peculiar conditions. Storage capacity and supplies actually carried vary in different localities and the considerable variation in climatic conditions, coupled with the disarrangement in the usual system of distribution resulting from the strike, makes any estimate as to the length of time anthracite stocks on hand will last, problematical.

The following statement made by the Geological Survey will be of interest as indicating the average days' supply of bituminous coal in the hands of various classes of consumers in the United States on January 1 and March 1, 1922:

	Jan. 1	March 1
By-product coke plants	42	39
Steel plants	48	48
Other industries	51	56
Artificial gas plants	89	82
Electric utilities	51	54
Coal dealers (bituminous)	22	22
Railroads (estimated from incomplete data)	25	42

The stock in the hands of railroads, industrial consumers, public utilities and retailers was approximately 63,000,000 net tons.

Adding to this 4,250,000 estimated at the Upper Lake docks and the unbilled coal on hand April 1, there was a total of 68,650,000 net tons above ground April 1, 1922. As the Survey has pointed out, stocks cannot drop below 20,000,000 tons without danger of a "coal panic." The quantity of coal, therefore, which can be drawn from stocks before a serious situation develops is 48,650,000 tons. To this supply there will be continuously added the output from the non-union fields which up to date has averaged about 3,500,000 tons per week.

At the present time the average weekly consumption is estimated to be 8,100,000 tons. Therefore, supply from the nonunion fields is falling short of meeting the consumption 4,600,000 tons per week. To cover this deficit, we have the 48,650,000 tons in storage. If the consumer continues to draw from this storage at the rate of 4,600,000 tons per week, unless there is an increase in production from the nonunion fields, a shortage will be felt in approximately ten weeks from April 1, or seven weeks from this date.

The above are average figures covering the entire producing and consuming areas, and rest on an even division of product and uniform storage capacity and uniform stocks on hand throughout the country. In reality, however, such uniform conditions do not exist in the different communities. If the strike continues, the ordinary lines of distribution are likely to be disarranged and result in great variation in the ability of the different communities to secure needed supplies.

An anomalous condition of special interest is found in the present strike, in the light demand for bituminous coal, and the large number of unbilled, unsold, loaded cars—a condition not existing in previous strikes.

In its report of April 15, the Geological Survey states that "during the first week of the strike, the current production from these districts (the nonunion fields) is much less than could be produced owing to 'no markets,' 'dull demands,' and 'unbilled coal.'" In its report of April 22 it again states: "Lack of demand remains the limiting factor in most of the nonunion fields"; and "from those districts as yet unaffected reports of 'no markets' continue to be received. The number of loaded cars unconsigning at the mines is still large, though now decreasing. More coal could be produced if the demand increased."

Another phase of this peculiar condition is the large amount of coal that has been loaded into railroad cars remaining unbilled, meaning thereby cars not sold. It is not possible to obtain the average number of unbilled coal cars carried during normal times, but from figures published by the United States Geological Survey we have the following:

	Cars
On March 4, about a month before strike was called	14,000
On April 1, beginning of strike	28,807
On April 15, end of second week of strike	26,790
On April 22, end of third week of strike	22,663
On April 29, end of fourth week of strike	17,708



# Business at the Council Table

By A MEMBER OF THE STAFF

THE TENTH annual convention of the Chamber of Commerce of the United States reached its climax both in attendance and in popular interest on the afternoon of the closing day, when President Harding made an appearance which had not been widely heralded in advance.

The President seized upon the occasion to coin a phrase which merits the attention of every American business man. Mr. Harding had been talking of commerce as the life-blood of civilization. After a dramatic pause he went on to say:

"I wish to speak, ladies and gentlemen, for a commerce with a conscience."

An audience of 1,500 business men was quick to grasp the President's point and no less quick to show its approval. There was just as much applause given when the President drove home this point by his saying:

"If the commerce of America were always conscientious, there never would be a single excuse for Government in American business."

Mr. Harding's appearance was not the only instance in a memorable week of governmental participation that met with the approval of the delegates. Secretary of Commerce Hoover delivered one of the most notable of the addresses before the convention when he spoke on the "Effect of the European Situation on American Business," while Secretary of State Hughes brought the general sessions to a close on Thursday evening with an address on "Some Aspects of the Work of the Department of State."

As his chief had called for commerce with a conscience at his address in the afternoon, so at the evening session the Secretary of State made a strong plea for international morality. Without making direct reference to any country he laid this down as a principle:

"International relations proceed upon the postulates of international morality and the most important principle to be maintained at this time with respect to international relations is that no state is entitled to a place within the family of nations if it destroys the foundation of honorable intercourse by resort to confiscation and repudiation and fails to maintain an adequate system of government through which valid rights and valid engagements are recognized and enforced."

## The Start on the New Building

THIS tenth anniversary of the Chamber was notable not only for the men who addressed it but for the fact that it was made the occasion for the laying of the cornerstone of the new building of the Chamber, which is to serve as the council chamber of the nation's business in the nation's capital. A feature of the occasion was the presence of three of the four secretaries of commerce who have been in office since the Chamber was founded: Charles Nagel who, with President Taft, brought about the meeting that led to the Chamber of Commerce of the United States; William C. Redfield, his successor, who, in office and out, has been a loyal friend to the Chamber; and the present incumbent, Herbert Hoover, who has not spared himself in giving of his time and of his counsel to its affairs.

It was in April, 1912, that the Chamber was brought into being at the meeting called

WE held the presses to get into this number of *THE NATION'S BUSINESS* an interpretation of the annual meeting of the Chamber of Commerce of the United States which closed its sessions in Washington on May 18. Outstanding features of the convention are presented here.

Business leaders of the country gather once a year at the invitation of the National Chamber. It has been called a "committee of the whole" of our commerce and industry. Experiences are exchanged and plans mapped out for the year ahead.

For the benefit of those who were not present and for delegates who want a comprehensive record of what was done, we are issuing early in June a special edition devoted to this convention. It will be sent without charge to all subscribers.

THE EDITOR

by President Taft and Secretary Nagel. In ten years it has grown from a four-room office and barely a four-man force to an institution with a force of nearly three hundred who have no spare room in the six floors it occupies in the Mills Building.

But cornerstone layings and addresses by the President of the United States were not, after all, the real purposes of the gathering. The meeting was called for the customary purposes of choosing officers and directors and for the further purpose of bringing to bear the best brains of American business on these two subjects:

## EUROPEAN CONDITIONS AND THEIR EFFECT ON AMERICAN BUSINESS and A MERCHANT MARINE

At its general sessions the convention stuck closely to these two subjects and they figure in a number of the most important of the resolutions which were adopted at the open meeting.

Those who were responsible for the choice of subjects and for the program as it was finally agreed upon might well have hesitated. As Joseph H. Defrees, the retiring president, said in his opening address:

"It would have been easier and more agreeable to many to discuss purely domestic business problems . . . but so long as it was our earnest belief that European instability was the greatest menace to American business, American stability and American prosperity, we have only fulfilled our duty in placing it before you."

That the program makers had done wisely in following the line thus indicated by Mr. Defrees there could be no doubt. It was necessary only to watch the audience on the opening morning as they listened to Mr. Arthur Balfour, vice-president of the British Association of Chambers of Commerce. Mr.

Balfour would, I am sure, be the last to claim for himself any supreme excellence as an orator. He is an agreeable talker, but it was his subject far more than his manner that kept an audience of business men listening intently to an address that was full of figures and full, too, of figures in foreign money, which are not always as easy to comprehend. They were keenly interested in Mr. Balfour's declaration that "there is an absolute determination of the British people to pay the whole amounts they owe at the earliest possible moment, but I will not hide from you the fact that this is going to strain the resources and the courage of the British people to the very utmost."

There was also applause for Mr. Balfour's assertion that the only hope for Europe lay in a drastic and accumulative reduction of expenditure. "It is," he said, "the prime duty of all those engaged in industry and commerce not only to suggest to the administrators of their country the methods by which savings can be made but to insist imperatively on those savings and to see that they are actually put into operation."

## Balanced Budgets First

THAT same note of immediate and pressing necessity of keeping income and outgo balanced was sounded by almost every one of the distinguished speakers who discussed our relations with Europe. Mr. Hoover stressed it in his speech, and laid down, as had Mr. Balfour, the principle that budgets must be balanced not by the increase in taxation but by the decrease in expense. In effect, this was the point made: How can we do business with a country which is constantly running further in debt? We should not continue business relations with a customer at home who could only make both ends meet by increased borrowing and who paid the interest he owed to A by a new loan from B.

In his address on our relations with Russia, which the Secretary of Commerce made at a dinner given by Mr. A. C. Bedford to the American Section of the International Chamber of Commerce, Mr. Hoover put it forcefully when he said:

"If we would supply work, capital and talent to the reconstruction of productivity in Russia they must be given on credit or charity. . . . but the fatal difficulty is that, even under the present somewhat modified system, both security and promise of productivity are insufficiently certain and this certainly has to be made clear not to the American government, which is not a money lender, nor to the American banker, who is but a broker, but to the American investor whose savings are at stake."

Mr. Balfour at the same dinner put a similar sentiment this way:

"I don't want to lend my money to a country which is spending more than its income, nor do I want my government to take my income tax and lend it to the same country."

There seems to be a general feeling that the one necessary step toward cutting down was a reduction of military expenditure. In a striking cable dispatch from Genoa, where he has been an interested observer of the conference, Frank A. Vanderlip said:



"Disarmament could not be discussed here, but must be before budgets can be balanced. Therefore, reduced military expenditures are a prerequisite to stabilizing currency." Incidentally Mr. Vanderlip's dispatch added not a little to the dramatic interest of the convention session at which Mr. Bedford read it. It gave to the audience a sense of being in immediate touch with the European affairs they had got together to discuss.

There is neither space here nor time between the meeting and the appearance of this magazine to give even the most casual mention of a dozen other no less important speeches. Men such as Dwight Morrow, of J. P. Morgan and Company, Silas H. Strawn, of Montgomery, Ward and Company, and Francis H. Sisson, of the Guaranty Trust Company, talked of Europe's problems as they affect us, while the morning devoted to the merchant marine brought together Chairman Lasker of the Shipping Board, Harvey Sconce, to give the farmer's point of view, J. L. Ackerson of the Merchant Shipping Company, and Frank C. Munson of the Munson Lines.

The international character of the discussion was reflected in the leading resolutions which were adopted by the full convention. One which aroused much interest was that which declared for our representation on the Reparations Commission in the following terms:

"Recognizing the handicap under which our Government is now laboring without any authoritative voice in the far-reaching decisions of this important world agency, the Chamber of Commerce of the United States urges that all necessary measures, including the approval of Congress, be speedily taken to procure for the United States official representation on the Reparations Commission."

Further indication of the recognition by the members of the Chamber of the importance of Europe to us was shown by the second resolution which declared in favor of

the representation of the United States in the international court to whose establishment American statesmen contributed so much. Recognizing that the United States stands committed to the promotion of international justice, through peaceful solution rather than force, "This Chamber urges that our Government promptly take its place with the other nations of the world in the international court of justice."

Other resolutions dealing with international affairs call for the speedy development of a plan for the disposal of the war claims of our Government and our citizens against Germany, Austria and Hungary; declare that adequate military preparation on our part is the best continuing guaranty of permanent peace and asks Congress to provide a personnel for the Army and Navy and reserve organizations of sufficient strength to insure such guaranty; gave general endorsement to the Hague Rules for ocean bills of lading and requested Congress to provide legislation for these rules with such interpretations as may be necessary; urged speedy action in favor of aid from Government for the maintenance of a merchant marine, and asked that passport fees be reduced and that requirements for passports and visas be discontinued as rapidly as possible.

In choosing its new president, Julius H. Barnes, the Chamber has selected a man with a wide knowledge of international affairs. Mr. Barnes has been for a number of years an exporter of wheat, and in the period of the war was Wheat Director for the United States and president of the United States Grain Corporation. Mr. Barnes per-

sonally represents widely divergent sections of the country. Born in Arkansas, he was educated in Duluth, Minnesota, and Washington, D. C. His business interests were for a long time in Duluth, where he still keeps his residence. But his work in connection with the continuing affairs of the Grain Corporation has led him to spend much of his time in New York.

Mr. Barnes's election is of further interest since it brings to the Chamber a representative of a form of business from which no president has hitherto been chosen. Among Mr. Barnes's predecessors have been bankers, lawyers, manufacturers. Mr. Barnes represents the distribution side of industry, and it is a side to which American business has been giving increasing attention. Mr. Barnes is a student of marketing and has been deeply interested in the development of the inland waterways of the country.

As the United States Chamber of Commerce has expanded and added to itself departments devoted to the various sections of American industry, the group meetings of the annual convention have become of increasing interest and importance. It is not too much to say that what was said at these meetings and the men who said it merit as much attention as the general gatherings themselves. Their very diversity, however, makes it difficult to give them adequate attention.

The writer sat at luncheon between the first general session and the first group meeting with an official of the Pennsylvania railroad and the editor of a business section of a newspaper. The editor knew where he was going. There were three men at three separate group meetings with whom he was anxious to talk and he was planning a route which should catch one before he spoke, another after, and a third before any of the meetings had begun.

The railroad official was frankly puzzled. "I ought, perhaps," he said, "to go to the group meetings, in which I am supposed to be directly interested, but I have a feeling that I know fairly well the things that will be said there. On the other hand, there are three other meetings at which things are to be discussed in which I have a direct interest as a railroad man and which I should like to know more about."

And he left, still wondering.

Julius H. Barnes, newly elected president of the Chamber of Commerce of the United States. This picture was taken when Mr. Barnes was handling the affairs of the Grain Corporation at Washington.

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# Sizing Up the Borrower

By ALBERT N. HOGG

*Vice-President, Corn Exchange National Bank, Philadelphia*

**SCENE:** The office of the president of a big commercial bank. Enter a borrower.

"Good morning, Mr. President."

"Good morning, Mr. Brown, what can I do for you?"

"How's money today?"

"We are getting 6 per cent, but the rate to you is 5 per cent."

"All right, Mr. President, we will want about \$200,000."

"Very good, etc., etc."

It is all a very simple matter, this negotiation of a \$200,000 loan, because the credit of Brown & Company is about as secure as the rock of Gibraltar. In this case the president has no mental reservation. He has a mental picture, however, of Brown & Company's big bank balances, of their irreproachable character and business reputation, the impress of relations extending over a period of years and the excellent statement reposing in the bank's credit files. The statement, condensed, tells its own story:

Quick Assets .....	\$3,000,000.00
Liabilities .....	500,000.00
Plant Assets .....	1,500,000.00
Fixtures, etc. ....	One dollar

Moreover, the partners in the business, from the president's personal knowledge, possess outside means of several millions of dollars, thus correspondingly strengthening their paper.

"Well, well," says the president to himself, recalling the statement to mind. "Value of fixtures, etc., \$1.00. What better evidence of financial stability and progress—such things are straws which show the way the wind blows."

This is an example of a prime loan. Prime loans are necessarily good loans, but good loans are not necessarily prime loans.

We speak of one woman as plain, of another as good looking, and of another as beautiful. So we classify credit risks all the way from prime to hazardous. Commercial bank loans, however, comprise three classes: Prime, good and fair.

Doubtful and hazardous risks are eliminated from the discussion; banks have neither if they can help it. They cannot always help it, however. Why? We have had no better illustrations than during the period of post-war readjustment. The quality of many loans throughout the banking world underwent intermittent changes with the extreme fluctuating conditions of the markets. The turning point, however, has been passed and normal conditions in the extension of credits are now rapidly returning.

## Next, a "Good Loan"

**WHAT** is a good loan, as distinguished from a prime loan? Let us see.

Enter Mr. Smith, of Smith-Jones Co., Inc. It is a satisfactory account, moral risk good. The bank has granted them a credit of \$200,000, of which they are using \$100,000. Mr. S. submits a new statement:

Quick Assets .....	\$1,000,000.00
Owe .....	600,000.00
Net Quick Assets .....	400,000.00
Plant .....	600,000.00

Mr. Smith: "We should like to borrow

\$100,000, which will make up our full line of \$200,000."

(Bankers who read this will recognize, in the following, the old stereotyped query.)

Mr. Bank Officer: "Well, Mr. Smith, how's business?"

Mr. S.: "Not very good."

Mr. B. O.: (Consulting credit card): "Your aggregate bank lines appear to be \$600,000. Is that sufficient?"

Mr. S.: "Yes. We can get along with \$500,000. We owe \$400,000 now."

Mr. B. O.: "Does the endorsement of yourself and Mr. Jones continue to carry an outside responsibility of \$200,000?"

Mr. S.: "Yes, sir. We are watching things carefully and are in good shape."

Mr. B. O.: "All right, Mr. Smith, we shall be glad to accommodate you."

Let us take a broad view of this subject. Our Federal Reserve System is founded upon commercial bank credit. It is superimposed upon the resources of thousands of commercial banks. Our Federal Reserve Bank note currency is secured in part by gold, and at least 100 per cent commercial paper representing commodities in the course of manufacture and distribution from producer to consumer. In other words, liquidity is the essence of commercial banking which furnishes the rich red blood of credit that vitalizes the whole financial and economic system.

It is regrettable that the business public does not always appreciate the difference between commercial and investment banking. The difference is well illustrated in the cases of many of our great commercial houses such as the big packers, for instance, who fund long-time obligations against their fixed assets through an investment house, the bonds being financed by the investing public, while for current requirements they borrow from their commercial banks on their short-term paper.

## The Personal Equation

**WE** NOW come to the consideration of perhaps the most important factors in every transaction; namely, the personal equation. Any well-conducted bank will tell you that no credit is a proper bank credit in which the moral risk is in any way questionable. Put it down as a fundamental and essential condition that the commercial banking business of the United States is sound because it is founded upon the rock of the moral stability of our business men. The superstructure may consist of liquid assets, ability and industry, but the foundation is honesty. Therefore there is no real, fixed rule-of-thumb method to guide a bank officer in the extension of that bank's credit to a borrowing customer. There is an elasticity in the extension of credit by a bank that is determined very often by the personal equation as a factor in the risk. A bank is often disposed to be more liberal with one customer than with another, though all other elements in the risk may be equal, because of the greater confidence it feels in the ability and resourcefulness of the one as compared with the other.

All of which leads to the inevitable conclusion that each banking risk must stand on

its own merits and be judged, not by any set rule, but rather by the particular circumstances in each case.

Nothing tests the ability of a bank officer more than his decision of where to draw the border line between "Yes" and "No" in dealing with matters involving credit risks.

The principles that the modern bank man must give to his credit problems can only be acquired by long courses of intensive study and research. It is to be greatly hoped that, with the intelligent contacts that our Government is now maintaining with business through the Department of Commerce courses in foreign and domestic credit will be given in our universities and colleges, since we cannot have too analytic minds to handle the business of the future. The days, when Stephen Girard could risk a \$750,000 shipment of tea during the 120 days which it took to reach Philadelphia from Canton, are gone forever. The modern merchant must be as analytic as the banker with whom he deposits.

Now, note the difference: back of the prime loan were financial reserves against anything short of chaos. In the other case, under long-continued depression or severe reverses, the loan might become a frozen credit. In short, the one loan is prime because it is good for 100 cents on the dollar at any time under any conceivable circumstances. The other, while its ultimate payment is reasonably secure, is neither as liquid nor as strongly buttressed by financial reserves.

## Third, the "Fair Loan"

**WHAT** is a fair loan? Here again we have both a distinction and a difference.

Enter Mr. White, of White & Company, Wholesale Dry Goods. It is a pretty old account, balances moderate, borrowings continuous. This is the only bank account. Recent financial statement shows:

Quick Assets .....	\$100,000.00
Owe .....	60,000.00
Net Quick .....	\$ 40,000.00
Other Assets .....	10,000.00

The outside means of the partners is only nominal; owe bank \$35,000; progress nil; moral risk good; ability fair.

Mr. White: "We should like to borrow \$5,000."

Mr. Bank Officer: "Your inventory, \$60,000, is pretty high. What is the condition of your merchandise?"

Mr. W.: "About \$10,000 is old stock."

Mr. B. O.: "Your receivable total 25 per cent of your sales. How is that?"

Mr. W.: "Collections are slow, but you will see we have set up a reserve against doubtful accounts, and we are carrying credit insurance."

Mr. B. O.: "Why do you need this accommodation?"

Mr. W.: "Business is slow and we do not want to sacrifice our merchandise."

Mr. B. O.: "You have been using your bank line as capital. Your business has been standing still. We will grant you this \$5,000 as a temporary loan, but we must insist upon an audit of your books by certified public accountants, and in the meantime we shall



have one of our credit men call on you."

In this case, the situation is not reassuring. Why? Because no business can stand still very long; it must either go forward or backward. In cases of this kind it will usually be found that overhead is too large or the business is dying of dry rot, or both.

The foregoing illustrations are necessarily abridged. Most financial statements carry detailed information covering the financial and

operating status of the business, such as sales expenses, profits, insurance, contingent liability, etc. Moreover, the classification of quick and slow assets is an important matter. Sometimes it is exceedingly difficult to discriminate between the two.

Quick assets are naturally those which can be readily converted into cash. Bricks and mortar, machinery, etc., would not come within this category. Merchandise, accounts

receivable and marketable investments would.

"But," said one of our customers recently, "do you mean to say that you do not give us credit for our machinery?"

"Of course we do," I replied, "but machinery is not working capital. Your investment in plant and machinery should be balanced by a relative amount of working capital. If it is not, then what you need is more capital, not bank loans."

# What Happened to Ingersoll

By SILAS BENT

**R**OBERT H. INGERSOLL didn't start out with a big idea. He started out with ten dollars, feeling that there was a place in the sun where a young man who was willing to work had a better chance to do something in life than on the mortgaged farm. The big idea came much later, and spread even to the uncivilized quarters of the globe; so that Theodore Roosevelt once told how, when he was exploring Lost River (since named for him), a native African chieftain greeted him through an interpreter with the words: "You come from the Land of the Dollar Watch."

More than seventy-five millions of watches had been sold by Mr. Ingersoll before a little idea wrecked the business, at least for the time being. It was a little idea about financing a great manufacturing and merchandising concern; and it plunged the man whose watch had "made the dollar famous" into the bankruptcy courts.

If you are to have a picture of this man, of his extraordinary success and his extraordinary failure, it is necessary to race through certain preliminary details. The kindness of a stock-raising kinsman enabled him to get free passage on a cattle train when he left his father's farm at Delta, Michigan, back in the late 70's; and his destination was the farm of another kinsman in Connecticut. But in a short while nearby New York beckoned him, and there, at the age of twenty, he set to work at this job and that, saving his pennies and nickels at a great rate against the time when he could go into business for himself. And then, when he had the huge capital accumulation of \$175, went to making and selling rubber stamps. Later on he sent for his brother Charles.

Presently the Ingersolls were making and selling dollar typewriters and dollar sewing machines and dollar cameras, patented pencils and keyrings and other novelties. They were pioneers in developing a mail-order business, and their catalogs ran into editions of millions. They were early in the chain-store field, and at one time had seven retail shops in New York City, devoted largely to bicycles and bicycle supplies. Robert Ingersoll, who traveled constantly about the country in the selling end of the business, gained a great fund of information about the public and what the public wanted. And the greater this fund grew, the greater was his dissatisfaction. He felt that toys and novelties were not enough. To endure, the Ingersoll concern must sell something necessary, something of universal appeal, something of actual service. That was the keynote—service! What was it to be?

In those days Robert Ingersoll lived in a Brooklyn boarding house, and on the dresser in his room rested a little "Bee" clock. It was this that ticked the big idea into his brain. Why not compress that cheap mecha-

nism into a size for the pocket? Why not make a cheap watch? A dollar watch?

Although the factory system was even then in vogue, although the railroad and the sewing machine and the steam engine and the threshing machine were commonplaces, and even the phonograph was in use, watches were still regarded as a luxury, owned chiefly by the well-to-do. And yet, when Mr. Ingersoll, bursting with the big idea, came to investigate it, he found that the Waterbury watch was already cheap—a \$3.50 watch, that is to say. It was, despite its simplicity, a fearful and wonderful mechanism. It boasted a nine-foot mainspring, and the whole works turned round inside the case, thus moving the hour hand. People spoke of the contraption with a smile, and minstrels jested about Waterbury, Conn., "the land of eternal spring." After a large sale as a novelty, the Waterbury venture was doomed to failure, despite refinancings and changes of management; but before that happened the Ingersolls, buying by the gross and then by the thousand, put the price at a dollar to test the mail-order market for such a commodity. This was not the watch with the eternal spring, which wound almost forever, but was a sturdy little pocket clock, wound and set from the back in accordance with the big idea Robert Ingersoll had got from his "Bee."

During the World's Fair in Chicago Ingersoll watches were sold with *Mayflower* and *Columbus* pictures on the back, and a national advertising campaign was begun. But the public was skeptical. It didn't believe that a reliable timekeeper could be made for a dollar. And to overcome that resistance the Ingersolls set up their famous guarantee, and lived up to it even though some of

the watches sent back to them had been immersed in beer or soaked in oil. And so it came to pass that millions of farm boys and millions of working men, clerks and school children came to carry Ingersolls.

Many said the market would soon be saturated. Others had said this when Eli Terry, the first American clockmaker, began turning out his wooden timepieces by the hundred early in the last century. "You are ruining your business," his friends told him; "the country will soon be so full of clocks there will be no market for them." It was so in 1850, when an employee of the Howard factory in Roxbury boasted that he was working for a company which made seven complete watches in a single day. "Where on earth could you sell seven watches a day?" his derisive neighbors asked. And four years later, when Aaron L. Dennison of Boston forecast that he would eventually make as many as fifty watches a day, he was listed as insane by his acquaintances.

## And Demand Still Kept Ahead

**T**HE time came when the Ingersolls, in factories which they owned at Waterbury and at Trenton, N. J., were making 20,000 watches a day, and still the demand was not appeased. Thousands of automatic machines reduced costs to a minimum, turning out the 150 parts of the complete watch with incredible rapidity. It has been said that Henry Ford got his idea of quantity production from this source, and it is a certainty that he took to watchmaking and repairing before he took to automobile building. Robert Ingersoll, at any rate, preceded him in quantity production and at a selling price so low as to cause a sensation in its day. He established a branch in London, and sold his product throughout the world.

"But the miracle market," he told me not long since, "is right here in the United States. It is like an enormous sponge that never gets enough. If the price is right and the commodity is needed, it seems to me that too great a quantity can hardly be produced for consumption right here at home."

The Ingersolls did not confine themselves rigidly to dollar watches. At the Trenton factory they made a seven-jeweled watch, called the *Reliance*, which sold at \$7.50. Six years ago, when they bought the Waterbury factory, they continued making the watch under the same name and sold it at prices ranging from \$3 to \$5.50. Theirs was typically an American enterprise. Among the trade names the Ingersoll watches have borne are *Jumbo*, *Triumph*, *Columbus*, *Eclipse*, *Liberty*, *Climax*, *Champion*, *Radio-lite*, and *Yankee*; but more have been put out under the name *Yankee* than under any other. By actual test at a New York department store, it was found that 93 per cent of the inquirers for cheap watches asked

## The One Big Mistake

**W**E CAN understand how the little fellow—ignorant and careless in his methods—fails when a slump hits him. But what false step leads to bankruptcy a concern whose product is in world-wide demand, which has every advantage of quantity production and scientific management?

Such a failure was that of the company that made and sold the famous Ingersoll watch. Mr. Ingersoll tells here of the mistake that brought his concern into the bankruptcy courts. The story may contain an idea for other executives.

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for an Ingersoll. They might buy another watch but in their minds the kind of watch they wanted was inseparably connected with a certain firm's name. Probably no other industry in the world has ever built for itself a more secure foundation in public thought. Mr. Ingersoll believes that the association of Eastman with the word Kodak is the nearest approach.

When the United States entered the World War, the firm of Robert H. Ingersoll and Brother was at the flood tide of its prosperity. Even newsboys wore Ingersoll wrist watches. In this country and throughout the world there was an enormous sale and an enormous demand for the commodity. Then clouds began to gather. In the emergency of conflict the War Industries Board declared the product non-essential. It was imperative that the Ingersolls continue to produce their widely advertised watches. To do this they must compete with such high-priced concerns as the Waltham and Elgin for labor in a disorganized war market.

This meant inevitably an increase in the cost of their watch but they were extremely reluctant to take the step. In time the Yankee dollar watch sold at \$1.30, then \$2.50, and while their costs of production were still at the peak, there came in the latter part of 1919 the period of deflation and the "buyer's strike." The public demanded lower prices. The Ingersolls, with costs of production still abnormal, put forth every effort to meet this new selling resistance, not without some success.

For thirty years this remarkable business has been conducted practically upon a cash

basis. As Mr. Ingersoll says, "We paid every Saturday night in full. This necessitated a large working capital to carry the watch from its production to its selling; and during the last decade it had been our custom to

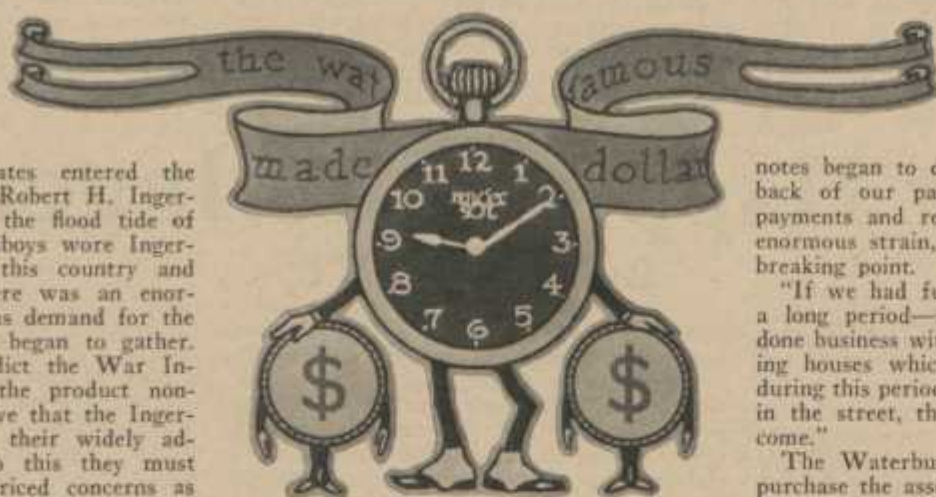
tory. We had outstanding \$2,500,000 in notes, which we had to meet with cash periodically. It was not a question of renewing this paper, as would have been the case had we obtained accommodation through

large banking houses. Every time our paper fell due, it was necessary for us to meet it with cash. Meanwhile the raw and manufactured material offsetting our

notes began to decline in price. The assets back of our paper shrank. The repeated payments and reissues of notes involved an enormous strain, and finally we reached the breaking point.

"If we had funded our indebtedness over a long period—in other words, if we had done business with the big banks or big banking houses which would have stood by us during this period, instead of selling our paper in the street, the failure would never have come."

The Waterbury Company has offered to purchase the assets of Ingersoll and Brother for \$1,500,000 cash. As this is written, Mr. Ingersoll is endeavoring to reorganize and refinance the business. Upon his success in that direction depends, probably, the question whether he is to come through this storm bereft of his fortune or with a chance to renew it. A slim, gray-haired, gray-bearded man, he sits amid the shards of his hope and ambition in a small, plainly furnished office, meditating the fate of a big idea in collision with a little idea—the victim of a fate which came into play merely because of a fundamental error in financing an enterprise conceived and operated with every evidence of typical American ingenuity.



finance the business chiefly with short-time notes put out through brokers.

"The credit of the company was so good that our notes were in demand by banks. We had experienced a consistent growth and we had never experienced any financial trouble, we had never defaulted on a note or an account. We had no merchandising debts—all we owed were in bank credits; and our assets stood at the figure of two to one against our liabilities.

"But in the period of extreme distress, which accompanied the post-war deflation, we went in deeper than ever before in our his-

# A Business Man Ambassador

By JAMES B. MORROW

**A**N EPISODE with the savor of old America—of a disappearing America that endures only here and there:

Having been appointed Ambassador to Germany and confirmed by the Senate, and having resigned from Congress, where he was in his second term, Alanson B. Houghton returned to his home in Corning, N. Y., to settle some matters of business. All this, it should be understood, only recently.

In his office, at his desk, Mr. Houghton was surprised to hear four or five quickly succeeding blasts of his factory's whistle. It was 11.45 o'clock in the morning. Looking up from his papers, he saw two workmen at the door. They were smiling but seemed to be embarrassed. "We don't know exactly what to call you," one of them said (whether "Mr. Ambassador" or something else).

Using his own expression to the writer, Mr. Houghton had "grown up" with these men; and so he replied: "Call me Alan, just as you have since we were boys."

The men led Mr. Houghton down stairs. Two thousand other men were assembled there—all of them employees of the factory—and a brass band was playing. Well, Mr. Houghton was presented, where he stood on a truck, with an American flag and an album in which were the signatures of all the contributors (ten cents each) to the fund that had purchased the flag.

It was a great event in the life of Mr. Houghton—appointed by the President, con-

firmed by the Senate of the United States and now sent about his public business across the seas with the cheers of his workmen ringing in his ears and the Stars and Stripes, their gift, over his head.

Also this ought to be said, to show that the factory (in itself a fine testimonial) is not the boundary for the respect in which Mr. Houghton is held: The Thirty-seventh Congressional District of New York swings back and forth between the parties. At one biennial election a Republican is chosen to serve in the House of Representatives; at another, a Democrat. Mr. Houghton's plurality four years ago was 16,000 votes; two years ago it was 30,000 votes! Here, then, is a man worth writing about and worth reading about—not for one reason, but for several of them; reasons personal, political, industrial and economical.

And diplomatical. Germany is sending Dr. Otto Ludwig Weidfeldt as its ambassador to the United States. He is an able and experienced economist; so is Mr. Houghton. He is a financial expert; so is Mr. Houghton. He is an eminent and successful manufacturer; so is Mr. Houghton. He speaks English; Mr. Houghton speaks German. Talent by talent and achievement by achievement, they match each other.

Washington and Berlin! The two capitals on which, more than any others, at this juncture, depend the welfare of mankind. If Germany falls, Europe falls. And if

Europe falls, there will be idleness and all of its evils and sufferings in the United States; and calamities which cannot be foretold.

For three generations the Houghtons have been makers of glass. They now make electric-light bulbs and tubing, railway signals, ship signals, chemical ware, clinical ware, thermometer tubes, artistic glass and pyrex, of which utensils are manufactured that women can put in ovens and on stoves.

In its specialties, the Corning Glass Works, with factories at Corning, N. Y.; Wellsboro, Pa., and Kingsport, Tenn., probably leads the world; normally, 4,000 persons are employed. Its laboratories, for research and experimentation, are easily the greatest in this country or in Europe; and in them, now, as for years, engineers and chemists are constantly employed to improve the products of furnaces and kilns.

The original Houghton glass factory was located at Cambridge, Mass., where, fifty-eight years ago, the ambassador was born. It was moved to Brooklyn and later to Corning. Alanson B. (B. for Bigelow, the maiden name of his mother) meant to be an author. At Harvard, where he was graduated, 1886, A. B., with honors, he was a writer on the Harvard monthly and on the *Crimson* and a member of the chief literary society. In the meanwhile he had become attracted to economics, and particularly to the study of socialism.



He went to Europe better to prepare himself as a writer on his favorite subject, and there attended lectures at Göttingen, Berlin and Paris. During vacations, he traveled in Russia and other continental countries. He understood but two words of the first lecture in German that he heard. Before he left Germany he could think and even dream in that language.

On his return to the United States, after an absence of three years, he found his father in poor health. His family agreed that it was his duty to be a glassmaker, instead of a student of economics. "I entered the office of the works as a clerk at \$1.25 a day," he said. He was twenty-six years old. At the age of forty, he was elected second vice-president of the company and placed in charge of its sales. His father, Amory, Jr., was still at the head of the establishment. "What did you learn about the selling of goods?" he was asked.

"That is not difficult," he answered, "if a salesman thoroughly understands his business and has the best article for a particular use. When that happens, competition is practically over. Green glass is employed by railroads for signalling. There are many shades of that color. It used to be that green glass was just green glass. Sales then depended largely on the man who offered the glass. We reversed that order in our laboratories by shifting the burden from the man to the product.

"When we could say that we had increased the sight-distance of green glass from half a mile to three miles, our green glass almost sold itself. It is the same with everything that is placed on the market. 'Here is something that will meet your requirement,' for any purpose, or all purposes, is too general to be effective, and too good to be true. 'Here is the one particular article for your special need,' sounds better and more convincing, and either is or is not a fact. In a test lies the truth; and no matter how the test turns out, argument thereafter is hardly necessary.

"Buyers are always seeking information," Mr. Houghton continued. "They are not influenced, and never were, in my opinion, by free dinners, the latest stories, humorous or salacious, or tours of adventure in hacks or automobiles after the theater or roof garden. The persuasive salesman, nine parts personality and one part goods, has given way to the salesman who is nine parts goods and one part personality; but, as I have said, he must have the right kind of goods and know all about them. If one is selling shoes, for example, one should have a working knowledge of the tanning business, of hides and leathers, and their history, and the processes through which leather passes into footwear. Salesmanship now has a dignity that it never possessed in the past."

In 1910, Mr. Houghton was elected president of his company; he had managed its sales for seven years; had taken an active part in the work and development of its laboratories and had applied his trained intelligence and theoretical knowledge, undividedly, to the business of glass making. At the end of eight years, he resigned the presidency to enter Congress. Since then he has been chairman of the board. Also he is one of the owners of a West Virginia coal and coke company and a director of a

large life insurance corporation. He is a member of the Episcopal Church and a trustee of Hobart and St. Stephen's colleges.

There are questions of the highest importance, Mr. Houghton thinks, which the people, concerned about their own matters, their bread and butter and so on, either have neglected or entirely overlooked; as, for instance, the gradual transformation of the United States into a manufacturing country which, in time, may possibly import some of the staple foods it consumes.

"Do you know," he asked, "that only 26 3-10 per cent of our inhabitants engaged in gainful pursuits are producers of food and other agricultural products and that 31 per cent are employed in manufacturing industries? Every American should take these figures into his mind and think about them.

"Again, do you know that the yearly value of the products of American farms is but twenty-two and one-half billion dollars, while the yearly value of our manufactured products is sixty-two and one-half billion dollars?

We are rapidly approaching the day when we shall consume all of the food that we produce. No farm product, possibly, except cotton, will be sold abroad. In the meantime what else will have happened? We shall discover that our manufactures have grown in volume by leaps and bounds and that we must increase our exports by several billion dollars.

#### Where to Sell the Surplus

**E**VEN today it is necessary for us to sell about a billion dollars' worth of our manufactures abroad—which is the amount of the normal surplus left after supplying our own needs. The surplus will grow, as the 31 per cent of our people engaged in manufacturing increases and the 26 3-10 per cent in farming decreases.

"What, then, should be the objective of our business men, law-makers and diplomats? Larger markets for our manufactured products. Where will those markets be found? Mainly, in Europe, in a restored Europe, in a Europe having its own business and currency on a solid basis and its own people employed so that they will earn the money with which to buy of us.

"If Europe is not prosperous, it is obvious that we cannot be prosperous. Unemployment in Europe means unemployment in the United States. We can no longer shut ourselves away from the rest of the world and say: 'America is sufficient unto itself.' It would be, of course, if it produced no more than enough of everything for its own use. But, as I have shown, we are facing a surplus; and the surplus will increase from year to year, once the world has come back to its equilibrium; and our men of business, our statesmen and our diplomats must find the means for the selling of the surplus in foreign markets.

"There is still another matter that our people should carefully consider," Mr. Houghton went on to say. "Let us look at the year 1800 and then at the year 1922. In 1800 our popula-

tion was five million; now it is one hundred and ten million. England's population in 1800 was fourteen or fifteen million; it is now, excluding Ireland and the Great Dominions, forty-three million. France has grown from eighteen million inhabitants to forty million, and the German States from, say, twenty-three million to seventy-five million.

"The totals, then, of the four nations are, sixty-one million inhabitants in 1800, and two hundred and sixty-eight million in 1922; an increase of more than fourfold in (and right here is the emphasis) the very same area.

"Marvelous changes have occurred. They have been brought about by modern methods of transportation, the invention of labor-saving machinery and the increase and combination of capital. Men, we know, do not work any harder now than they did in the year 1800; nor any longer for a day's pay. But they live infinitely more comfortably. They have better houses and furniture; better schools, streets and roads. They have conveniences, comforts and luxuries undreamed of a hundred and twenty-two years ago.

"All of these refinements of life, all of these enrichments of life, have come through, as I have pointed out, the increase and co-operation of capital, the invention of labor-saving machinery and transportation. Farmers, wage-earners and business men will serve themselves and their country by thoughtfully contrasting the state of the people now, with the state of the people in 1800. Humanity is moving to higher levels, with the rush of the years.

"Furthermore, we, in this country, should do more sane thinking—intelligent and coherent thinking. We ought to see, with the facts of history before our eyes, a little way, at least, into the future. Already, we are a great manufacturing nation; we shall be a much greater manufacturing nation ten years hence, needing ever-widening outlets for our mills, factories and furnaces.

During Mr. Houghton's early service in Congress he was a member of the Committee on Foreign Relations. Afterward, he was transferred to the Committee on Ways and Means. Here is his position on the question of protection: "If protection given to any article

is for the benefit of the whole country, I favor it; if it is only for the benefit of an individual, I oppose it."

Our New Ambassador  
to Berlin

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# Longer Credits for the Farmer

By EUGENE MEYER, JR.

Managing Director, War Finance Corporation

**W**HEN THE collapse in the prices of agricultural commodities took place in 1920, it delivered a body-blow to many a country bank and many a farming community dependent upon it for the funds necessary to maintain economic life.

Instances of this nature could be cited by the hundreds. One or two examples, however, will serve to show in a concrete way what the difficulties were and how the War Finance Corporation was able to reach the weak spots in the situation and supply the necessary strength—in the form of actual cash and of that intangible, but no less important element, confidence.

In one community in the Wheat Belt, there were four banks serving the farmers in a territory of about 25 miles around a town of 5,000 people. The community had been built up chiefly by homesteaders, who moved in from adjoining states. These people had little money but a tremendous fund of integrity, perseverance and reliability. They were there to stay and to make homes for themselves and their families. They were willing to work, the land was good, and all they needed were funds and moisture, for the climate is of the semi-arid type.

Fortune smiled upon them for a number of years. The seasons were good. Crops of wheat, rye, flax, and the like, were produced and sold at a profit. The town became a market center, with wheat and other grains flowing out and lumber and equipment of various kinds flowing in. A National Bank and a large State Bank were established there, besides two smaller banking institutions. The business of all these was dependent upon agriculture, and, in turn, the farmers were dependent on them for current working capital.

## And Then—Trouble

**T**HEN came a year when insufficient moisture interrupted the growing prosperity of the community. The next year the story was repeated. And so it went for about five years. Each year the problems of the farmers were a little more difficult, but they stuck to their guns and held their own fairly well until, on top of the bad crop conditions, came the market collapse of 1920.

The struggle finally became too severe for two of the banks. One was absorbed and another went to the wall, leaving the community dependent entirely upon the National Bank and the large State Bank.

The failure of the third bank caused a considerable strain on the two that remained. Confidence was shaken and there was a material falling off in deposits. Although crops last year were above the average, the slump in the prices of grain and livestock left the farmers only enough to pay current expenses and practically nothing to pay off their old notes. The aggregate of these notes had been steadily growing. Both of the remaining banks had loaned so much that they were in a critical condition. In December, 1920, the State Bank had almost reached the end of its rope. It had loaned all its available funds and, in addition, had borrowed seven times the amount of its capital and surplus in order to take care of the needs of its farmer customers. The National Bank also was in an overextended condition.

The only thing that stood between the farmers in this community and disaster was the ability of these two banks to carry them until there should be a turn in the tide. The closing of one would almost certainly have meant the closing of the other. In the case of the State Bank, more than half of the farmers' notes were past due. Had it been compelled to close, the natural consequence would have been forced liquidation, the selling out of scores of industrious farmers, and a tremendous set-back to the whole community. And if both banks had failed, the farmers not only would have suffered the distress of forced liquidation but they would have been left without any banking facilities whatever. The productive capacity of the community would have been largely destroyed and business would have come to a standstill.

The creditors of the State Bank, showing their confidence in the community and in its ability to weather the storm, loaned the bank more than \$100,000. With this additional money the bank would have been able to pull through but for the continued fall in the prices of farm commodities. Many of the farmers had wheat, oats, rye, other grains and livestock in considerable quantities, but the prevailing prices were too low to cover even the cost of production, to say nothing of paying off indebtedness. To make things worse, the deposits of the banks were steadily shrinking.

This was in November, 1921. It was during this month that the machinery developed by the War Finance Corporation under the Agricultural Credits Act got into full working order all over the United States. If these banks were to continue functioning, and their farmer customers were to be protected from forced liquidation at a time when such a process would injure them most, some way had to be found for rediscounting a portion of their farm paper. A way out of the difficulty was found through the War Finance Corporation.

Both banks applied for loans. The State Bank was granted a loan of \$100,000 and the National Bank \$75,000. Other loans followed; and, altogether, this one farming community was granted loans by the Corporation amounting to \$350,000. It is believed that as a result of these advances, the two banks are largely over their troubles, and that with anything like an average crop and average prices for farm products this summer and fall, the community will again be on its feet. Whereas six months ago the situation looked desperate and the farmers and stockmen were depressed and discouraged; today, with the prospect for better moisture conditions, with the outlook for a profitable crop better than it has been for a long time, and with the oppressive influence of a threatened financial breakdown removed, the bankers, business men, farmers and stockmen have recovered their cheerfulness and are going ahead with their business.

Each community has its own peculiar problems, and the complicating elements in the situation may be quite different in different places. No one example, or even series of examples, can be said to be typical in a large sense. There are, however, elements which are present in every situation and which, other things being equal, determine the na-

ture and direction of the economic outlook—whether backward or forward, pessimistic or optimistic. The economic life of a community, for instance, may be guided by fear or by confidence; and a change from one to the other means a change in the trend of the whole economic situation.

The loans made by the War Finance Corporation to banks in the agricultural districts have been a vital factor in restoring confidence. They have prevented disastrous situations from developing in many communities where a number of banks found themselves in a difficult position due to loans which, though good, were, nevertheless, slow and temporarily uncollectable, and where those banks were faced with the necessity of meeting the demands of depositors. If the weaker banks in these communities had not been reinforced by the Corporation's rediscount facilities, the stronger banks would not have been as willing as they have been to do their part in the situation. The assistance given by the Corporation has encouraged them to function in a more normal way throughout the agricultural territory.

## An Aid to Marketing

**T**HE advances authorized by the War Finance Corporation have been an important factor also in stimulating the banks to do their part in financing the orderly marketing of agricultural products through cooperative marketing associations. Recently, a cooperative marketing association needed funds to finance the orderly marketing of the crop of its members. It applied to the banks for aid in carrying on the work of pooling, grading, assorting and marketing. The association had all the tangible factors necessary to success; it was organized on a sound basis and had the necessary machinery to handle the grading and marketing. But the banks hesitated; the fear which had oppressed the agricultural districts since the collapse in prices of 1920 was still in the air. So the association turned to the War Finance Corporation. Its application for a loan was approved by the Board of Directors and a credit placed at the disposal of the association, to be drawn upon as needed. This action of the Corporation supplied the one needed element in the whole situation. Two days later, representatives of 132 local banks held a meeting and agreed to provide over \$4,000,000. This was sufficient for the first needs of the association. So the War Finance Corporation's contribution in the beginning was not funds; it was that intangible but absolutely essential element in business—confidence.

Though the Corporation has entered into agreements to lend approximately \$63,000,000 to cooperative marketing associations in all parts of the country, in most cases only a small portion of the credit authorized has actually been used. This indicates that when these associations are properly organized and soundly managed, they are able, for the most part, to obtain the necessary funds from local banking sources. But it is generally agreed that their ability to do so has been based largely on the fact that they could, if necessary, obtain funds from the Corporation. It is obviously easier for a local bank to furnish funds to a cooperative



marketing association when it knows that the funds can be borrowed from another source and repaid to the bank in case of need.

In California, the first state to take up cooperative marketing on a large scale in this country, the associations, for the most part, are so well established that their banking credit is equal to that of the best privately owned and managed corporations. Although they market products aggregating in value \$250,000,000 annually, they have had occasion to avail themselves of the funds of the War Finance Corporation to the extent of only \$1,500,000. The more recently organized cooperative marketing associations in Oklahoma, Mississippi, Arkansas, Texas, Arizona and the northwestern states, while not so firmly established as those in California, appear to be organized upon sound principles and to be properly and capably managed.

The cooperative movement has now developed to a point where the right of the cooperative marketing associations to carry the products of their members for orderly marketing, until the consumer is ready to take them, must be recognized and the necessary financing machinery provided. Existing banking laws and regulations should be adjusted with this end in view, and a rediscounting facility established to make it possible at all times for such organizations to obtain adequate funds for their operations.

One great trouble with the financial system of this country is that it is based on European conceptions of what constitutes soundness in banking—conceptions which

have grown up in countries whose business is chiefly industry and commerce

rather than agriculture. The financial machinery of Europe is based on a sixty or ninety-day banking facility. This is exactly what is needed to finance imports of foodstuffs and raw materials, the manufacture of raw materials into finished goods, and the export of manufactured goods. But the basic business of America is the production and distribution of agricultural commodities, and sixty or ninety-day financing does not adequately meet the needs of the producer.

The collapse in agriculture, and in the banking situation in the agricultural districts, was partially due to an attempt to collect loans on farm commodities within too short a period. The inevitable result was to force on the market an abnormally large volume of products in an unusually short period of time. The arbitrary application of principles which are not adapted to American Agricultural activities produced a breakdown in the machinery. Our great staple crops and livestock are neither produced nor consumed in ninety days, and we should not expect to market them in ninety days.

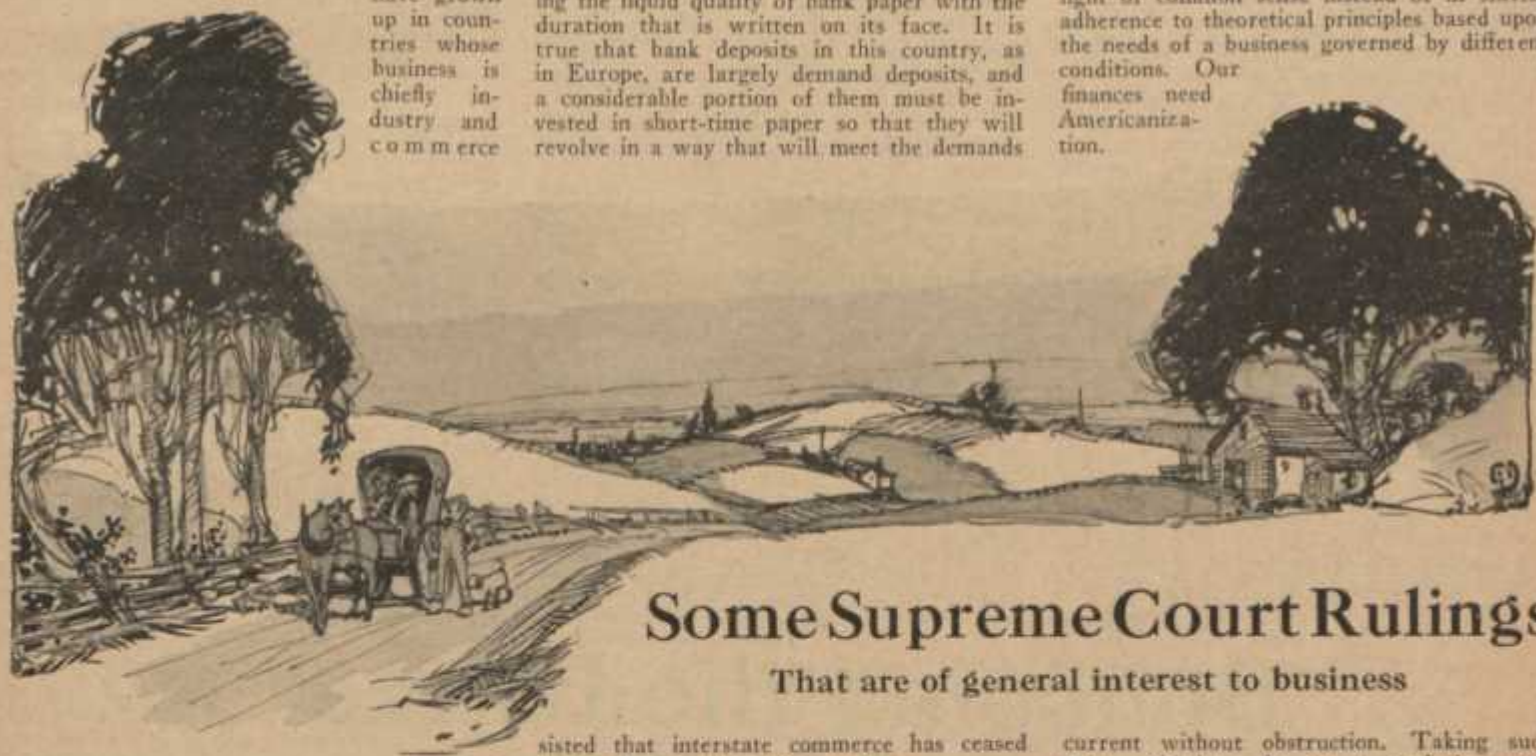
The need for longer term financing for our agricultural turn-over is partially recognized by the Federal Reserve System, in that provision is made for rediscounting agricultural paper for six months. But our financial system as a whole does not adequately recognize the necessity of synchronizing agricultural financing with the natural processes of production and consumption.

In importing European banking conceptions, we have made the mistake of identifying the liquid quality of bank paper with the duration that is written on its face. It is true that bank deposits in this country, as in Europe, are largely demand deposits, and a considerable portion of them must be invested in short-time paper so that they will revolve in a way that will meet the demands

of the depositors. It is time, however, to draw a sharp distinction between short-time bank paper and the question of the liquidity of the security that underlies bank paper, long or short. The six and nine-month loans on wheat and cotton, made by the War Finance Corporation to cooperative marketing organizations, are as liquid, from the point of view of the security, as ninety-day paper representing advances to merchants and manufacturers. Long-time paper may be more liquid as to security than short-time paper. It may not be as well adapted as an investment for all of a bank's funds, representing deposits payable on demand; but the experience of the War Finance Corporation demonstrates that, when adequate financing for a suitable period is provided, staple agricultural commodities are liquidated in an orderly way, and that, in fact, the liquid quality of the security is enhanced by a more gradual marketing process. The self-liquidating quality of paper depends upon the orderly marketing of the commodities underlying it far more than upon the duration written on its face.

During the past year it was clearly shown that commercial paper depends for its liquidity on the orderly buying of the manufactured goods, and that this orderly buying, in turn, depends largely upon a purchasing power based upon the orderly marketing of our basic agricultural products.

We need to develop a fresh outlook. We need to revise our financial conceptions. And we need to do it in the freedom and in the light of common sense instead of in slavish adherence to theoretical principles based upon the needs of a business governed by different conditions. Our finances need Americanization.



## Some Supreme Court Rulings

That are of general interest to business

**THE PACKERS AND STOCKYARDS ACT** has now been before the Supreme Court, so far as it relates to the commission merchants to whom livestock is consigned and by whom it is sold at stockyards. With the case of the commission men there was united a case instituted by yard traders, whose business it is to buy and sell livestock at the yards on their own account.

The contention in these cases was that the commission men and the traders are not engaged in interstate commerce and consequently cannot be made subject to regulation by Congress. The commission men said that their business is merely assisting the owner of livestock to find a market. The traders in-

sisted that interstate commerce has ceased before they make their purchases.

On May 1 the Supreme Court handed down its decision. It held that the commission men and the traders in livestock at the yards where cattle and hogs are marketed in large numbers may have practices and may cause obstructions which may affect interstate commerce prejudicially, and consequently Congress had power to enact the legislation of last August. The stockyards the court described as the throat through which a current of interstate commerce passes, and transactions at the yards are only incident to this current. The transactions of the commission men and of the traders contribute toward the movement onward and are in fact essential to the flow of the

current without obstruction. Taking such points of view, the court reached a conclusion in which all but two of the justices united.

Meanwhile, all of the proceedings begun by the Secretary of Agriculture under the provisions of the law had related more to marketing livestock than to the packing industry. In these proceedings the Secretary follows much the same form as the Federal Trade Commission, issuing a formal complaint, holding hearings, and then either dismissing the complaint or entering an order.

The first case was caused by complaint from the Kansas City Live Stock Exchange, alleging that there was violation of the new law in arrangements some packers were alleged to have made for obtaining direct



shipments of livestock. The second case alleged a boycott against cooperative commission houses operated by livestock producers. In the third case, the "order buyers" are required to show that their new charge of ten dollars a car for their services in buying hogs on orders from the east is reasonable.

On April 17 the Secretary of Agriculture issued his first final order. It was in the second case mentioned above. Everybody concerned had got together over the situation out of which a boycott was said to have arisen, the by-laws of the livestock exchange were amended to avoid difficulties in the future, and the result was incorporated in a formal order that there might be a record as a basis of proceedings in the event the settlement was later disregarded.

The importance of the commission men to the livestock industry has been set out by the National Livestock Exchange in a statement submitted to the Congressional Joint Commission of Agricultural Inquiry. According to this statement, the perfection of the open competition system of livestock marketing has followed from the efforts of the livestock commission men. The livestock exchanges, formed by the commission men, have cleared the channels of intercourse in the markets of abuses which were detrimental to the interests of livestock producers. To indicate that the charges made by the commission are reasonable, this statement presents a composite of the business of the greater part of the commission firms acting on eleven of the chief livestock markets. This composite statement shows that livestock to the value of a billion and a half dollars were handled for a gross commission of ten million dollars, or 65/100 of one per cent. The average commission per car was \$16.22. The disposition of this average commission is shown by the statement, down to a net revenue of 69/1000 of 1 per cent of the value of the property handled.

### The Shoe Machinery Decision

THE CLAYTON ACT in its section about tying clauses goes beyond the Sherman Act, the Supreme Court held on two successive Mondays. Its decision of April 10 was outlined in the last number of *THE NATION'S BUSINESS*. On April 17 the court emphasized the point of view it had earlier taken.

This second case made especially clear the distinction between the Sherman Act and the Clayton law; for a proceeding under the Sherman Act and involving the same contracts had in the spring of 1918 resulted in the Su-

preme Court holding that there was no violation of the Sherman Act. In the new case, which was begun the year after the Clayton Act became law, the court said the question was not the same as in the earlier case, for the tests of legality in the Clayton Act differ from those in the Sherman Act.

In the cases of 1918 and of 1922 there were involved leases under which the United Shoe Machinery Company gives manufacturers the right to use its patented machines. The questions would seem to have been purely matters of law, for the court agreed that the company did not act oppressively in enforcing forfeiture clauses, that it furnished machines of excellent quality, and rendered valuable services of installation, training operatives and supplying repairs, and that there was much testimony going to show that manufacturers acquired the company's machinery by reason of its excellence and efficiency. The issue was, therefore, whether or not clauses of certain kinds are lawful under that part of the Clayton Act which makes it unlawful for anyone engaged in interstate commerce to lease machinery, whether patented or unpatented, for use within the United States on the condition that the lessee shall not use the machinery, etc., of a competitor of the lessor, where the effect "may be to substantially lessen competition or tend to create a monopoly in any line of commerce."

The clauses under consideration limited some of the company's machines to use on shoes with respect to which certain other operations had been performed by other machines of the company, provided that all additional machinery of some kinds would be obtained from the company, etc. Penalties which could be used to enforce some of these clauses included cancellation of the lease and the deprivation of the manufacturer of the company's machines. The cancellation could extend not only to the machine to which the lease which was violated attached but to all other machines the manufacturer might have from the company.

The lower court held, and was supported by the Supreme Court, that such a provision went too far. The company might have a right to cancel a lease, because of violation of its terms; but it could not, without violating the Clayton Act, reserve a right to cancel one lease because the manufacturer had violated the terms of some other lease. There was as much objection under the Clayton law to this kind of situation as if leases contained specific agreements not to use the machinery of competitors.

Incidentally, the court passed upon a number of other questions. It said that the

patent right confers no privilege to make contracts which are in themselves unlawful, and certainly not to make contracts which are directly violative of valid statutes of the United States. Consequently, there was not an unconstitutional limitation in the Clayton Act upon the rights secured to a patentee. To the contention that the leases were not made in the course of interstate commerce, and therefore were not within the purview of the Clayton law, the court responded that it agreed the mere making of a lease is not of itself interstate commerce but that where, connected with the making of the lease, there was required a movement of goods in interstate commerce, Congress had authority to legislate.

When the Clayton Act was passed, some of the advocates of more extreme legislation announced pessimistically that the teeth of the bill as first drafted had been drawn by Congress. The Supreme Court, however, seems to have no difficulty in finding teeth in the law. Its attitude has been that the anti-trust legislation of 1914 made some substantial additions to our earlier statutes. Having dealt in two successive weeks with tying clauses under section 3 of the Clayton Act, it may in due course, by reason of the *Men-nen* case originating in the Federal Trade Commission and mentioned in the last number of *THE NATION'S BUSINESS*, deal with discriminations in prices under section 2 and have something to say about the economic services rendered by wholesalers and jobbers. There are accordingly possibilities of sustained interest in the Clayton Act over the next year or two.

### Fleet Corporation Suits

CLAIMS against the Emergency Fleet Corporation are not claims against the United States Government was the decision of the Supreme Court on May 1. This means that claimants may bring suit as against any other corporation and are not compelled to go to the Court of Claims. Having succeeded in other courts, however, claimants may have to wait for Congress to make appropriations before they can get any money awarded them in judgments.

On the point about the Fleet Corporation being sued like other corporations, instead of being treated like the Government, the Chief Justice and two other members of the court disagreed with the majority. All of the justices agreed, however, that when concerns with which the Fleet Corporation has dealt go bankrupt the Fleet Corporation is to be treated like any other creditor and is not to have preferences.

# Buncoing the Banker

By SAMUEL HOPKINS ADAMS

BANKS ARE supposed to be canny institutions. To their clients they frequently offer shrewd and serviceable warnings against wildcat, blue-sky and other crooked devices, thus undoubtedly saving millions of dollars yearly to the public. Meantime they are themselves the prey of a class of swindlers who specialize in the bilking of financial institutions.

Age does not wither nor custom stale the infinite variety of the old, old theme which the hypnotic bunco man successfully works upon the trustful bank official behind the little wired window supposed to guard the

cash. One experienced and beguiling operator did a business of several hundred dollars monthly all over the country and practically without variation of his sweet and simple method for around eleven years before the William J. Burns Detective Agency, which acts for the American Bankers' Association, in desperation over the failure of bank officials to heed former warnings, got out a blazing red circular which finally did the business and landed the man of several score profitable aliases in jail.

It is from the Burns Agency records that I have made up the career of the imaginary

bank specialist whose activities are set forth below. Although the personality is fictional, or, rather, composite, every detail of the schemes described is actual, is fully recorded in the Burns archives or in government documents, and the total represents hundreds of thousands of dollars cost to the financial institutions of the country and will doubtless run into hundreds of thousands more before they attain to a condition of self-protective caution.

"It never could happen in this bank," confidently asserts the average official. Maybe not. But to err is human. And even in





Can you explain why this is so?

business hours the most careful teller or cashier retains some of the amiable weaknesses of the genus homo.

Suppose we start our crook, whom we will call Cyrus Slickley, without capital other than a native shrewdness, a smooth address and a flair for extra-professional banking operations. He begins his career by "hall-boxing." This is a small-caliber pursuit, practicable only in a large city and involving rather more risk than the higher phases of the art.

Cyrus goes into the wholesale district just after the first rounds of the postman and before the arrival of the business men. Keeping a wary eye out for interruptions, he rifles the letter boxes in the hallway, scurries into seclusion with his epistolary booty, sorts it out, destroys such disappointing communications as contain no financial possibilities, segregates all checks and drafts, and then enters upon the technical part of his work. With chemicals and knife he delicately erases from the checks all but the amount and the signature (he may even raise the amount if the check be not protected by a perforation stamp) and fills them in to suit his taste either by handwriting or preferably with a typewriter. Now comes the matter of cashing them.

This he cannot do himself, for he hasn't the "front" for it, being probably too shabby of appearance. So he goes to some small shopkeeper who is on the fringe of the criminal world and gets him to act as go-between for a consideration which may run as high as an even split on the loot. The store man's financial responsibility may be practically nil—in fact it usually is—yet his business gives an effect of permanency; he is known to the neighborhood banks; generally one can be found to oblige him once—and once only. For when the checks are put through they come back with unpleasant news attached.

The over obliging bank gets after the store-keeper, who promptly and injuredly washes his hands of all responsibility. He thought the checks were all right. Bank people are supposed to be expert in such matters; if there was anything wrong, why didn't they spot the swindle? So the bank is stuck, and Mr. Slickley, not precisely bulging fat with rewards, indeed, for this game is workable only in small amounts, but with enough to furnish him for his second step

upward in his profession, leaves for a smaller city and his next job. This requires careful dressing, but less nerve than the first venture.

Let me now present Mr. Cyrus Slickley in the well-known and unpopular role of his own brother-in-law, one appearance only in the city of, say, Toledo. Immediately upon arrival he has made some quiet inquiries and learned that the Dalton Manufacturing Company runs a checking account at the Howcumsit Trust Company, whose assistant cashier is named Delavan. Armed with this information he calls up the trust company on the phone and hands out this line:

"Mr. Delavan, please. This Mr. Delavan? Good morning, Mr. Delavan. This is Thomas Q. Dalton. Yes, of the Dalton Manufacturing Company. My brother-in-law, John Whittemore, has just come to town to live and I'm sending him down to you. I'd bring him myself, but I've got a lot of things on this morning. He may want to start an account. Anyway, do what you can for him, won't you? You'll find him a very nice fellow. Thank you very much. Good-bye."

Presently a stranger presents himself at the Howcumsit Trust Company cashier's window and proffers a check for \$360. He is well dressed has a mildly assured manner, and seems quite shocked when the cashier, looking him over dubiously, says "But we don't know you, Mr. Whittemore."

"Didn't Tom phone your Mr. Delavan?" exclaims the visitor; "Thomas Q. Dalton, I mean, my brother-in-law."

Hearing his name, the assistant cashier comes forward. "Why, of course. Glad to see you, Mr. Whittemore, and to be of any assistance."

The check is forthwith obligingly cashed. In case the official for whom the trap is set is believed to be a hard proposition an accomplice may be sent to cash the check while Slickley waits at the end of a telephone (which he previously gave as the Dalton Company number) to identify his brother-in-law.

Moral for banks: telephone endorsements are written in air.

Having some working capital, which is as necessary to real operations in the crook's line as in legitimate business, our Cyrus branches out a bit. He runs up to Chicago and begins to haunt brokers' offices, business places and the like, trying to get near men of some importance on one plausible pretext or

another with a view to picking up a personal checkbook. This might seem to be a rather hopeless quest; but the records indicate that many men of wealth are surprisingly careless about leaving their checkbooks lying about where casual visitors can lay hands upon them. Cyrus doesn't want to steal the book; all that he needs is a check or two torn from the back. Having acquired these with the owner's name engraved conspicuously across them, the rest is easy. He fills in the check with such an amount as he has reason to believe will be easily covered by the balance at the bank, say \$1,200, perpetrates a more or less skillful forgery of the signature and takes the result to the bank. Now, if he attempted to cash the check, suspicions would probably be aroused. His work is not so coarse. To the teller he says suavely:

"Are you Mr. Calkins? I think you're the gentleman Mr. Morse told me to see about certifying this check."

So assured is the official by the sight of the familiar engraved name across the face of the paper that he does not scrutinize the signature carefully. His only concern is to ascertain that the Morse balance exceeds \$1,200. Yes, that's all right, nearly three thousand in the account. The check is duly certified and the politely grateful Mr. Slickley takes it to another bank where he deposits it in any name which he may choose for the occasion, fortifying it with four or five hundred dollars cash to give an air of solidity to the transaction. A day or two later—it won't do to wait too long, for obvious reasons—he draws out all or nearly all his account and departs happily, leaving the two banks to apportion the blame between themselves according to their lights and prejudices.

Having thus accumulated, on the approved business college principle of "selling oneself" successfully, a nice little nest-egg, Mr. Slickley may conceivably wish to enlarge his mind by travel. Nothing easier. The banks will pay all expenses and a comfortable weekly stipend besides. All that he need do is to follow the example of the eminent Charles Stanley Walker, now deceased, whose eleven years of profitable activity I mentioned above. Mr. Walker had one curious weakness which, one might suppose, would have served to betray him: he invariably operated under a single first initial and a second name, "C. Howe," "W. Carson," "A. Warren," and



almost always one of the two initials corresponded to his rightful name.

His method, simplicity itself, depended chiefly upon personality and a natural histrionic knack. To produce an atmosphere of reliability he dressed plainly, in good materials of neutral design, and with a generous display of Masonic emblems to which he had no right. Landing in a small city he would quietly absorb personal information about the local bank cashiers and, in the course of a few days, would drop in upon one of them with a friendly air.

"Howdy, Mr. Johns. Just met up with Judge Davis outside and he tells me you had a little christening party at your house last night. That's your third, ain't it? Other two girls, eh? Improving as you go on." And so on, ending with the request, "Would you mind cashing this check for me?"

Usually the check was a cashier's check. Of course to cash it without knowledge or identification of the man presenting it would be a violation of a fundamental rule of banking, but Mr. Walker's pleasing manner and hypnotic tongue inspired a strange negligence in the official heart, and he seldom scored a failure, not even after the American Bank Association detectives had flooded the financial world with descriptions and warnings. But when the Burns Agency's red-typed warning was issued, the subject of it walked into a Shreveport, La., bank and encountered a teller who had just been studying his record. From that to Atlanta was a short step.

It is estimated that Walker averaged upwards of \$500 a month, in checks ranging from \$75 to \$250—never above that—for the long term of his activities. So Mr. Cyrus Slickley might do worse than pattern by him. Also he might do better. His capital will now warrant expansion, and in his next venture we will find the bank acting as his unwitting partner.

Behold our dubious hero, then, introducing himself at the cashier's window of a Syracuse institution, as Samuel J. Monkton, a minor capitalist with a wide acquaintance in banking circles of other cities (if his glib talk is to be believed) and a project for buying a local plant wherein to manufacture a new type of carburetor. Naturally he doesn't want anything known of this lest the price go up on him. Meantime he would like to be put in touch with a high class conservative lawyer, one accustomed to handle moneyed interests. Can the cashier suggest one? Why, yes, the bank's own attorney, Judge Clarke. "Be glad to give you a letter to him."

#### A Little Matter of a Note

FORTIFIED with this valuable document, he calls upon the lawyer, tells him about the factory scheme. "But my immediate business with you, Judge, is in connection with a note owed me by Ralph Tillinghast of Rochester. You know him, of course. It's only for \$2,500 and he's good for the amount fifty times over, but he's just naturally slow about these things and though the note has run more than two years I don't feel like dunning him because he's a personal friend. It happens that I need the money as I'm starting south in a couple of days. So I thought I'd do this—write him that I'd turned over the note on a deal and he must be prepared to meet it. Then I'll give you the note and you do the rest. Here's his address. Can you handle it right away?"

Certainly Judge Clarke will write at once. Thereupon our Mr. Slickley, alias Mr. Monkton, alias also Mr. Ralph Tillinghast

whom he has invented for the occasion, takes train for Rochester, goes to the address which he has given the lawyer, and on the following morning gets the letter and writes a reply in the name of the lax Mr. Tillinghast—a quite apologetic reply. That night he spends in Rochester, returns to Syracuse in the morning and calls at the Clarke office.

"I suppose I'll have to leave without that money," he says disappointedly. "My train goes at noon. If you hear from Tillinghast—"

"It's all right," interrupts the lawyer. "This came in on the morning's mail."

He displays the letter which Mr. Slickley, as Tillinghast, wrote from Rochester, accepting the draft and stating that he has instructed his bank to forward cash at once to cover it. Trustingly and obligingly Judge Clarke offers to draw the amount on his own check so that his client may catch the noon train. He holds out \$100 for his fee, and turns over \$2,400 to the grateful "Monkton," who departs rejoicing inwardly. Later there will be a spirited debate between the bank and the judge as to who is to blame, the judge's main argument (not too easy to refute) being: "You made yourselves responsible morally when you gave a letter of introduction to a man of whom you knew nothing."

#### Getting on in the World

BY this time the Slickley operating fund ought to be at least \$4,000 or \$5,000, quite enough to enable its owner to work the "lunch-hour racket" in some middle-western city, perhaps Cincinnati. Selecting his institution with care he deposits \$4,000 to his own account. For a fortnight he checks in and out of this, studying the habits of the bank personnel until he has a good working knowledge. Financial people are usually methodical in their habits; they come and go and eat with regularity. The new depositor finds that he can rely on the cashier leaving for luncheon at 12.45 and returning not before 1.30. One day, when his getaway is arranged, Mr. Slickley arrives at just 12.44.

"What is my balance, Mr. Handler?" The cashier has it looked up. "It is \$1,564.30."

"That all?" says the depositor, disappointed. "I thought it was more. Got a deal on, calling for two thousand. Well, I'll have to give my note for part of it." He loses himself in mental calculation while the cashier glances restlessly at the clock. "Oh, sorry to keep you waiting. Just let me have \$1,500, will you?" And he fills in the check.

The official delivers the cash and bolts, three whole minutes late.

Back comes Mr. Slickley, quarter of an hour later, to greet the substitute cashier, and puts to him the same question as to his balance. As the delayed luncher has not taken the trouble to report the withdrawal before going out, the books show the full \$1,564.30. Again the depositor draws out \$1,500, this time not his own but the bank's, leaving the odd \$64.30 as a testimonial to carelessness.

Cases are on record where two banks in a city have been mulcted by this scheme on the same day.

It may well be by this time the bank game is becoming monotonous or even dangerous to our Mr. Slickley. Or perhaps he feels that his increasing means and experience fit him for more ambitious enterprises in more highly specialized fields. Hence we find him organizing, with three or four confederates, one of those ingenious stock guaranteeing schemes of the kind which U. S. Post Office Inspector C. H. Clarahan has been successfully hunting down for the Gov-

ernment for several years past. While this calls for considerable time, skill, and capital, it pays large returns and the margin of safety is greater than in the bank ventures.

Mr. Slickley learns that Orson McCann of Springfield, Mass., owner of a quarry, has been organizing a stock company to finance some extensions by the sale of \$100,000 of stock. He calls upon Mr. McCann, presents an impressive card, and is welcomed as representing the Guaranty Redemption Company, whose specialty is guaranteeing to investors the par value, at the end of any stated period, of well-secured issues.

"We will guarantee to your subscribers," says the bland Mr. Slickley, "a return of par on your stock for a period of forty years and charge you only \$24 a share for it. Naturally we don't expect the whole \$24,000 in immediate payment. Our terms are 10 per cent down and the balance when the stock is disposed of."

Reasonable though it sounds, Mr. McCann is dubious. The idea is wholly new to him. He wants to think it over. Certainly, agrees the urbane representative, no hurry at all. But he fears that in the present state of the market there will be great difficulty in placing a wholly unknown stock. Almost immediately inquiries and offers begin to flow in upon Mr. McCann from stock salesmen and brokers who have heard (unaccountably to the quarry-owner, since he does not suspect that the inquirers are merely Mr. Slickley's partners) about the project, and invite correspondence. But it proves that all the inquirers lose interest immediately and totally upon learning that the stock is not guaranteed. Nothing but guaranteed issues will do; the public won't look at anything else: a redemption clause backed by some responsible concern, or nothing doing.

#### The Sad Awakening

BY the time it has sunk into Mr. McCann's perceptions that the Guaranty and Redemption Company's representative was right in saying that modern stock promotion must be on a guaranteed basis, that gentleman appears again. The victim is convinced; he takes the bait to the extent of the first 10 per cent payment. Abruptly and mysteriously the brokers and stock salesmen who were so eager to handle his proposition now become indifferent. Letters to them elicit no replies, or if any, evasive answers. There is no way of holding them to legal accountability. The project starts with a net loss of \$2,400.

In the case of a heavier capitalization, for the purpose of building a branch railroad, for example, it may even pay Mr. Slickley to "plant" a representative abroad. Then the supposed brokers accept the redemption agreement of the Guaranty concern and notify the railroad people that they have a satisfactory bid for the entire issue from the International Bankers' Alliance of London, controlling an association of banks on the Continent. As a final condition, however, the Alliance insists upon a report from their own engineer, who will sail immediately upon receipt of \$5,000 to cover expenses. Under the inspiration of this prospect the money is forthcoming. So is the "engineer." Also disappointment. For invariably the expert will return an unfavorable report. The London concern withdraws its bid, and Slickley & Co. are the richer by \$12,000 or \$15,000 of the railroad's money to divide between them.

Eventually Mr. Slickley will get caught. They all do. But not before they have taken a rich toll from the very class of financial experts who are supposed to be immune to fraud, however ingenious.



# Tariff Bargaining, Senate Style

By CHAUNCEY DEPEW SNOW

Manager, Foreign Commerce Department, Chamber of Commerce of the United States

NOT THE least interesting feature of the tariff legislation now pending in Congress is the special provisions aimed at safeguarding the best interests of American business in foreign countries. The tariff, of course, is one of the big tools used in working out international commercial relations. We have been accustomed to construct a tariff frankly and undeviatingly from the standpoint of protection of our domestic industries against inroads by unpalatable competition from abroad. Time and again in the text accompanying the schedules we have incorporated clauses talking about reciprocity, and talking about what will happen to the other fellow if he doesn't deal gently with us in his customhouse. A generation ago there were heated political battles over these clauses; much of the very phraseology now in debate goes back to 1897 and 1890.

Because our tariff has not been built with foreign commercial policy much in mind, these trading or penalizing provisions in our tariffs have more than once been of little or no value. There is not much benefit to be derived out of penalties that on their face are so extreme as to be virtually impossible of lasting application without doing serious damage to our own consumers of products necessarily obtained from abroad. Likewise, there is not much benefit to be anticipated from a honeyed clause in a tariff purporting to offer foreign countries a perfectly hollow and shallow semblance of a concession.

Some foreign countries are as alert in sensing the emptiness or the futility of a finely worded paragraph in a tariff law promising concessions or threatening dire penalties as are our legislators who frame these bits of legislation. In fact, some foreign countries of long experience in these matters are probably more alert than our draftsmen of such

tariff clauses. We sometimes rock ourselves into the belief that there really is merit in our own experimental concoctions in this line, only to find that the guiding minds of foreign commercial policy in other wideawake nations are not so readily convinced. If we are going to make concessions that will bring us concessions worth while, our concessions must themselves be worth while. If we are going to overcome real discriminations against us abroad, we must be in a position to let down some of the real discriminations which we make against a particular foreign country.

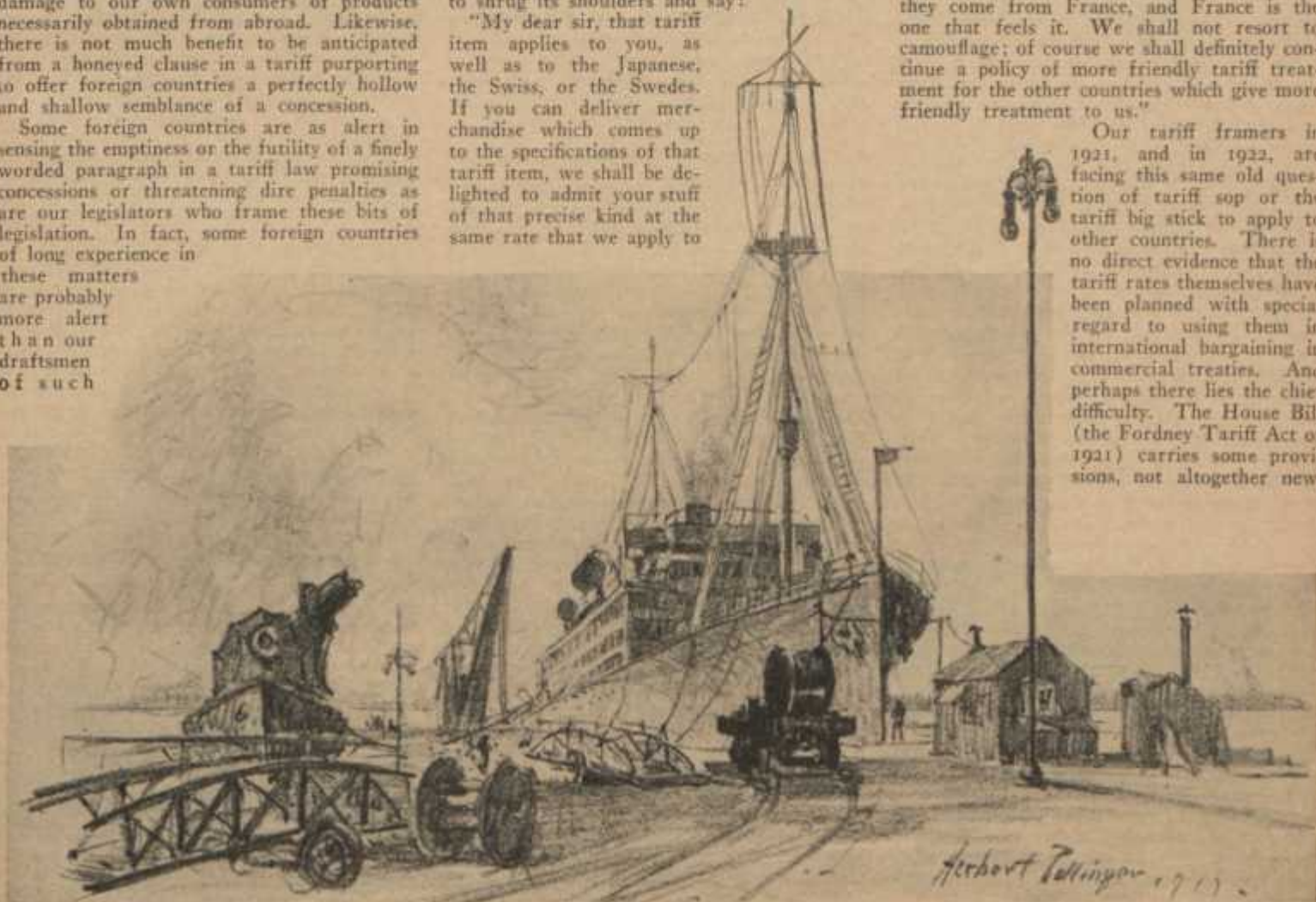
We want to meet the virtual discriminations which we encounter in foreign countries. A clause in a customs tariff which meets mere technical discrimination is little more than a pious statement of what everyone takes for granted. A foreign country can put itself in a technically righteous position in its tariff treatment of us with very little effort. The German Customs Tariff is a marvelous example of how, by shaping the phraseology of individual tariff items, a virtual concession could be made which would apply only to the products of one country, although the wording of the tariff item was such as to enable the German government to shrug its shoulders and say:

"My dear sir, that tariff item applies to you, as well as to the Japanese, the Swiss, or the Swedes. If you can deliver merchandise which comes up to the specifications of that tariff item, we shall be delighted to admit your stuff of that precise kind at the same rate that we apply to

that of Japan, Switzerland, or Sweden." It was tough for the American exporter to Germany to get an answer of that kind when he knew that there was a joker in the specifications in question making it applicable only to the goods from Japan, Switzerland, or Sweden, as the case might be. Technically the German government was not discriminating; in fact it was discriminating all along the line.

The French accuse us of doing somewhat the same thing. They say that we are indulging in casuistry when we calmly tell them that we don't discriminate against them. They say: "Your self-righteous doctrine of 'equality of treatment' is fair in the letter of the law, but unfair in the spirit. Don't talk to us about giving you a friendly tariff treatment on your sewing machines and petroleum jelly, and your other characteristic products, when our Lyons silks, our Sevres porcelains, and our *articles de Paris* are soaked with unconscionable duties in your customhouses. It is no comfort for us to be told that these same articles coming from any other country would receive precisely the same treatment. The fact we are interested in is that these things don't come from any other country; they come from France, and France is the one that feels it. We shall not resort to camouflage; of course we shall definitely continue a policy of more friendly tariff treatment for the other countries which give more friendly treatment to us."

Our tariff framers in 1921, and in 1922, are facing this same old question of tariff sop or the tariff big stick to apply to other countries. There is no direct evidence that the tariff rates themselves have been planned with special regard to using them in international bargaining in commercial treaties. And perhaps there lies the chief difficulty. The House Bill (the Fordney Tariff Act of 1921) carries some provisions, not altogether new,



Taken as a whole the American merchant marine is not in what you would call a flourishing condition. Vessels tied up at wharves or anchored out of the way in harbors run into

the hundreds. Tariff and shipping legislation now before Congress is going to determine in a large degree whether these ships get cargoes when the inevitable business revival sets in.



that are aimed at accomplishing two distinct results: (1) meeting either obvious or concealed tariff discrimination against the United States, and (2) creating an advantageous market abroad for American goods by making some real tariff concessions here on the characteristic products of various foreign countries.

Maybe the House Bill was so framed as to enable these clauses to work without hardship or injury to any American producers; there are those who think that the general tendency of the House Bill, with its comparatively high rates and the institution of American valuation, was a combination assuring duties high enough to make room for some real concessions at about any point. On the other hand, the opponents of the concession method in tariff bargaining press their perennial argument that, in order to obtain a tariff concession in a foreign country for exporters of one product, you have to make a concession in your own tariff which sacrifices a domestic producer of something else.

### What the Opponents Say

FOR example, if Belgium wanted to get a lower rate of duty on automobiles in the United States, and at the same time the United States was keenest on getting a lower tariff rate on automobiles in Belgium, the direct concession in each country would affect primarily the automobile manufacturers. But, the opponents of the concession method point out, the chances are that while it might be automobiles or it might be canned goods on which we wanted the concession in Belgium, it might be plate glass or machine-made lace on which Belgium would be keenest for tariff concessions in the United States.

In that event, the American plate-glass producers and machine-made-lace producers might see their margin of protection reduced and find themselves "paying until it hurts," while the American automobile manufacturers and canned goods packers were "sitting pretty" in the Belgium markets. Obviously the concession method has its difficulties as well as its possible advantages and can be used with fairness only in conjunction with a customs tariff that is so framed as to lend itself to such use.

The Fordney Bill provides that whenever the President, with a view to securing reciprocal trade with any foreign country, shall enter into a commercial treaty by which the products of the U. S. get a reduction of duties, the President may reduce duties or put on the free list certain products of such foreign country. That is the substance of Section 301 of the Fordney Bill. In that clause there is no limit set as to the extent to which the President might go in this matter of reduction or opening up the free list. Section 301, with the same general intent of putting in the hands of the President something definite to trade with in negotiating with foreign countries, authorized him to reduce duties not more than 20 per cent for a period of not more than five years, in exchange for tariff concessions on American goods abroad, and this latter provision the President might exercise in the ordinary course of a treaty, requiring only the constitutional approval of the Senate.

The wider range of concession contemplated by Section 301, the Fordney Bill makes dependent on approval by Congress. Even the 20 per cent range of concession for the five-year period, friends of the concession method believe today, as they believed twenty-five years ago, would give the President a real handle for tariff bargaining. Some think that the wider provision, unlimited, so far as the President's power of negotiating is

concerned, but requiring the approval of Congress, is nothing but pretty language, which never would amount to anything; such concessions would have to run the gauntlet of the House of Representatives in addition to the Senate, and their chances of fruition would undoubtedly be slim. These two paragraphs in the Fordney Bill, however, are the molasses which the House of Representatives would use to catch the flies of tariff concession in foreign countries.

### Vinegar—but Pretty Sweet

THE House did not hesitate in Section 302 to use a little vinegar at the same time, although careful scrutiny of that section might lead one to the belief that this is nearer to the sweet-cider stage than to the pure-cider-vinegar state. Section 302 provides that when the President shall be satisfied that the government of any foreign country imposes duties which "he may deem to be higher and reciprocally unequal and unreasonable" he may suspend the regular United States duties on "any such or similar article or merchandise" imported into the United States from the country in question, and instead of the regular duties impose a rate of duty in the United States on "such or similar article or merchandise" equal to the duties or other exactions, limitations, or even embargoes imposed by such foreign country.

There is a penalty provision with a certain number of teeth in it, aimed not only at meeting technical discriminations against us abroad but also at virtual discriminations in the shape of unequal or unreasonable duties in a particular foreign market. Of course, it may be cavilled, it is rather high-handed of us to say what is reasonable and what is not; but there are cases when the unreasonableness and the unfairness of the duties constitute unmistakably a virtual, although not a technical discrimination.

### To the Rescue of Salmon et Al.

THE canned goods interests in the United States were especially interested in this Section 302 of the Fordney Bill. They believe that they have encountered unreasonably high rates on American canned products in a number of countries, and for years they have been at our government to authorize a tariff provision that would enable them to meet this harsh treatment of our salmon, condensed milk, and other canned foods.

Section 302 suited them down to the ground, provided that the phrase "such or similar article or merchandise" be clarified and so phrased as to cover "products similar in character, quality, or use." The point is that, if we were encountering discriminations or unreasonably high rates on our canned milk in a particular foreign country, the chances are that it would not be canned milk that that other country would be interested in shipping into the United States. It might be, however, that that other country would have some other food product which it would be very materially interested in putting on our market, and if we could exert a little pressure by laying hands on that commodity, the difficulty over the canned-milk rate in the foreign country would soon be overcome.

So much for the Fordney Bill. As the bill went to the Senate Committee it carried those various provisions for meeting discriminations and encouraging our export trade. When the tariff bill came out of the Senate Committee in April, 1922, Sections 301, 302 and 303 were out of sight. In their place the tariff framers in the Senate Committee on Finance had inserted its own brand of tariff bargaining and meeting discriminations abroad. The Senate Committee's version of

what is good tariff medicine for the United States shows the influence of the United States Tariff Commission and attributes to the commission certain conclusions that the commission may or may not have intended. The committee, in the report accompanying the bill, said:

The committee regards as undesirable the policy of reciprocity and penalty duties embodied in Section 301, 302 and 303 as they passed the House, and in certain provisions attached to paragraphs in Titles I and II. Sections 301 and 303 of the House Bill embodied a policy of reciprocity which the extensive report of the Tariff Commission on "Reciprocity and Commercial Treaties" demonstrates to have been without important result and not warranted in view of the international complications which result from it. In addition, it is contrary to the policy of equality of opportunity and the principle of the open door which the Department of State of our Government has been consistently urging. A further objection to Section 303 of the House Bill was that agreements under it would not require ratification by the Senate.

### Contrary to Treaties?

SECTION 302 of the House Bill and the mandatory application, by provisos of Titles I and II, of the same principle to particular articles is especially objectionable. These provisions would permit or require the enforcement of several different rates of duty upon the same article according to the rate in force in the country of production. The objection is that such action on our part is contrary to many of our treaties as we have ourselves interpreted them in the past; that the provisions can in any case apply to only an exceedingly small part of our trade, since we do not normally export and import the same or similar articles to and from the same country; that in the majority of cases where the policy might be applied it seems certain that it would not be successful in inducing the foreign country to reduce its duties; and, lastly, that if foreign countries should retaliate by applying the same policy to our exports the conditions of our trade are such that we might easily lose very much more than we could hope to gain by the policy.

We have, therefore, eliminated Sections 301, 302 and 303 and the provisos mentioned, and, as previously stated, we recommend, in Section 317, a policy of penalizing discriminations against American commerce. This policy is more in keeping with the traditional policy of the United States.

It is interesting to observe this senatorial declaration of respect for "the traditional policy of the United States," and the senatorial humility before "the policy of equality of opportunity and the principle of the open door which the Department of State of our government has been consistently urging." The Senate Committee goes on to comment on its own prescription in Section 317 as follows:

The first step authorized is the very moderate one of additional duties to be measured by the extent of the injury done to our trade; if the foreign country does not then accord to our commerce that equality of treatment which it is our policy to extend to theirs the President may take more drastic measures.

Here is where the vinegar comes in!

Section 317 follows two other lengthy sections (315 and 316) providing for a rather wide measure of flexibility of duties (not to exceed 50 per cent of the rates specified in the Act) in the President's hands when he shall ascertain that the duties fixed in the Act do not equalize differences in conditions of competition in the trade in particular articles in the United States and in competing foreign countries, bringing in the use of wholesale selling price in the United States as the



basis for duty instead of the customary foreign market value, in worthy cases, and providing a liberal measure of protection against unfair competition in any import transactions. This last is supplementary and in addition to the anti-dumping legislation which Congress put on the statute books in May, 1921.

Section 317 itself consists of more than four pages of provisions lettered from A to J. The burden of the section is that the President may impose new or additional duties upon the products of any foreign country whenever he finds that such country treats our in-transit trade unfairly, indulges in any outright discrimination in the shape of duties, port charges, regulations, etc., on our imports, or imposes any discriminating duty or restriction on exports from such foreign country to the United States.

The vinegar is applied there freely when a foreign country does not promptly respond to the imposition of such new or additional duties in the United States, and forthwith abandon its evil course of discrimination. If that happens, the President can come out with a further proclamation directing "that such products of such country as he shall deem to the public interests may require shall be excluded from importation into the United States." The only restriction on the President in wielding the club of additional duties in the first instance is that they shall not exceed 30 per cent ad valorem or its equivalent.

Additional duties may be all right in tariff bargaining, if your tariff is framed with bargaining in view. If your tariff rates are representative of the absolute low-water mark of protection with which the American industries can prosper, then obviously, in fairness to the industries, the only method of bargaining open is to say to the other fellow:

"We've got some rates higher than these; we mention these just to show you what you may have if you're nice to us. If you're not nice we shall have to tack on the others. How about it?"

But when your tariff is not thus framed with bargaining in view, additional duties are likely to be pure vinegar. The Senate Committee talks about additional duties to hit back against "injury done to our trade." Additional duties of that variety may do some good against outright discrimination, but what else have they to offer to make the foreign trade horizon brighter?

Take Section 316 of the Senate Bill, with its detailed penalizing provisions against unfair methods of competition, in conjunction with the anti-dumping Act of May 27, 1922, and add to that Section 317 with its elaborate recital of export, import, and in-transit discrimination against which the United States may impose new or additional duties, and even utter exclusion, and you have as handsome a collection of legal provisions for safeguarding our trade at home and abroad against dirty, under-handed, unfair, and gen-

erally iniquitous competition as exists in the solar system.

The business of the United States would undoubtedly be properly safeguarded on the score of discrimination and on the score of unfair competition on the part of foreign countries. There is a considerable proportion of vinegar in this Senate Committee layout of special tariff provisions. The House provided a little molasses and showed a tendency to sweeten up the vinegar. The Finance Committee of the Senate, on the other hand, apparently puts all its faith in vinegar.

Discrimination and unfair competition are bad, and nobody is going to dispute the need of adequate tariff provisions on the part of the United States to safeguard our traders against them. There is such a thing, however, as rubbing it in. There is such a thing as injecting a sour note in our whole tariff attitude toward the rest of the world which is not calculated to give us a friendly tariff reception anywhere else.

American exporters as a general rule are much more interested in meeting a friendly, receptive market abroad, with fair treatment by foreign governments, than they are in enforcing any doctrine of "an eye for an eye." It is a pertinent question, quite apart from our rates of duties, which should be determined on economic grounds, whether there is not a little more room in the administrative provisions and the special provisions of our tariff for a "golden rule" spirit.

## Business and Human Beings

By FRED C. KELLY

*Author of "Human Nature in Business"*

I RECENTLY heard a man boasting that he had been on the same job for fifteen years without any vacation. There is something wrong with a man like that. Why should anyone take pride in attaining a record for stupidity? If a man has no other interest in life, aside from his job, then he is so narrow-gauge that he isn't of much value even on the job. When a man treats his job as an endurance test and is proud of a long no-vacation record, the chances are that it is the only thing he can be proud of. Moreover, he may be trying to hide the fact that he is afraid to take a vacation lest his boss should find out how little he is needed.

As a rule, the man who has an inflated idea of his own indispensability is the one who can be most easily spared. I knew a man once who didn't take a vacation for so long that, when he did, his absence from the office attracted an undue amount of attention. He got no credit for the years of uninterrupted toil.

only means of writing was by pictures, the Chinese had the best picture system in use. Indeed, it was so good that the Chinese did not feel the need of replacing it with a simpler and more modern alphabet. They could make it do. Other nations found their writing systems so crude that they were obliged to adopt something better. The fact that the Chinese picture alphabet could be made to do is probably the thing that has held back the Chinese nation all these years.

If their system had been a little worse, they would have thrown it out and replaced it with one that would have made the spread of knowledge more easy and more general. What is true of a method of writing is true to a degree of any business method. If it isn't as good as it should be, and yet can be made to do, it is likely to become a serious obstacle to progress.

Most business enterprises are conducted to make money for the producer instead of to save money for the buyer. What a hit a producer can make when he works partly with the buyer's point of view in mind! What an advantage he has over his competitors who consider only themselves!

Dull times always produce the best business men. Anybody can conduct a business when all is rosy. In sunny Spain, even, where the soil is fertile, the worst farmers are to be found. The best gardeners come from the bleakest parts of Scotland.

A famous hotel man, who is also something of a philosopher, once made a remark to me that would apply to almost any business.

"The greatest mistake," he declared, "that is commonly made by employees and managers is to exert themselves more for the comfort of an old-time customer than for a new one. According to all rules of hospitality and logic, the person who should receive the most effort for his entertainment within one's doors is the newcomer. In your own home you would not think of making a great fuss over a man who had been entertained there before, and more or less ignore another fellow who is receiving your hospitality for the first time. Yet in a hotel dining-room the head waiter is most careful to seat the man whom he has seen there before, and in most stores the clerks make more fuss over an old customer than one who is giving the store a first trial."



Spencer is quoted as saying that imitation in dress may be due to reverence for the one imitated or a desire to show equality with him. We may try to dress like a certain man because we admire him, or because we dislike him—to show the world that we can have any kind of clothes that he can have. The average man does not like to wear a



Many a business method would be better if it were a little worse. It is like the Chinese alphabet. Centuries ago, when the



dress suit. Yet he does not care to be without one, lest people think he is not as good as others who wear them. Many business practices are doubtless due to the same reason—our desire to show a competitor that we are just as good as he is.

Rival manufacturers of women's suits get together each year and agree on *general style tendencies*. Otherwise there would be too many different designs offered, and women, being uncertain which style will prevail, might play safe by not buying any.

Ostrich feather fans, priced in one New York establishment at \$150, may be had at another place only a few blocks away for \$30. The fans are bought at identical prices in the same wholesale establishment. Because of human vanity, the proprietor of a

store which sells to one class of people would no more dare to charge too little than another would dare to charge too much. The woman who pays \$30 for a feather fan in an unimportant shop might not be willing to pay much more than that; but the woman who deliberately goes to the most expensive store in town might feel only contempt for the establishment if she found luxury articles there priced within the pocketbook range of the masses.

As I sat in a retail credit man's office, a customer, with a check to cash, announced a bit pompously that he was a lawyer from Columbus, Ohio. He grew angry when told that he must be identified and he was obliged to leave without any O. K. on his check. Only a moment later, an unassuming little chap, who said he was a building contractor

in a western town, presented a check which the credit man promptly agreed to cash without identification. I inquired why he had refused to O. K. the lawyer's check.

"Because," replied the credit man, "a good lawyer in a city the size of Columbus would know that he must be identified, and would not be indignant."

The weakness in many a business enterprise may be traced back to the vanity of the proprietor. He craves bigness as a means of projecting himself before the public and wants his store or manufacturing plant to grow more rapidly than conditions justify. He wishes to build a conspicuous monument to himself. This may not be an unworthy ambition, but bigness based on overexpansion is dangerous. A banker must keep his eye on such men, or they will not only get themselves into deep water but take him in with them.

# Boll Weevils and Cook Stoves

By ARCHER WALL DOUGLAS

IT IS a matter of experience and observation that few men make a success of their business unless they like it. If it be merely a job, a means of making a living, a task, the man pursuing it never gets very far in developing either its or his own possibilities. That old Sunday school stuff about all that a man needs for success is devotion to duty is as extinct as the ancient dinosaur, or the fire among the thorns. The really additional compelling impulses must be self-interest and a lively liking for his work.

The way and means thereto, as they say in the Prayer Book, are to demonstrate to the worker the possibilities of his task, not only in the way of pecuniary profit and advancement, but most important of all, as the means, likewise, of an education which the task holds for those who have perception enough to realize it. For these opportunities are present in many apparently prosaic lines of business if only we have vision to see them.

We constantly indulge in sentiment and admiration about the enthusiasm of some students of science for their calling. Yet it is a demonstrable fact that every commercial business of any moment has in its study the possibilities of the most far-reaching and fascinating education. The principal requisites for such education are analysis to perceive the essential elements of every problem and vision to discern the possibilities of development in these elements. The mental preparation for study consists in some experience, unceasing, critical, and absolutely impartial observation, and that sense of analysis and deduction to which two and two make four—not sometimes, but all the time, as the Thinking Machine said.

For our theme, with many variations, let us take the problem of merchandising of some familiar lines of goods handled by large distributing houses, and see to what lengths and how far afield they lead us in education and knowledge. Refrigerators are an article of common everyday use. The sales records show that they sell best in the period from April 1 to August 1—but that this sale is earlier in the year in southern latitudes, and goes northward with the gradual coming of warm weather. Also that refrigerators are purchased most largely by consumers just a little in advance of the summer months. That

they sell best in hot, dry summers. That there are scattering sales, however, all the year around, even in winter time. That their manufacture has greatly increased in the last quarter of a century, more so, in fact, than the growth of population. That, likewise, there is marked growth in their quality and appearance in the past decade. That they are gradually being used more and more by the plain everyday people as a thing of necessity rather than of luxury.

Now, here are a lot of facts. What do we get from them? The initial formula is simple enough. What are refrigerators used for? By whom? Under what conditions? How is their use affected by weather? By changes in the purpose for which they are intended? By improvement in the taste, education and intelligence of the people using them?

They obviously are used to preserve food products fresh for the table, and to prevent them from decaying. This is done only by means of placing food in a cold environment and not by shielding it from the air. Immediately this opens up the entire problem of germs, malignant and otherwise, and their effect upon human beings. If the student of how to buy and order refrigerators, and whether certain kinds and styles are increasing or decreasing in use, wishes to be onto his job, so as to handle it intelligently, he must perforce become familiar with the purpose and construction of refrigerators, so as to judge of each one as to whether it really fulfills its mission.

## Take Ice, for Instance

ICE, of course, is the essential feature in the use of refrigerators and is their principal continuing cost. Consequently the price of ice must affect the extent of their use. This involves the study of the sources of making ice, natural and artificial. It is a matter of easy observation that the manufacture of artificial ice seems to promise a permanent and increasingly universal use of ice at costs which will always be both economical and dependable, as compared to the uncertainty of supply and often high costs of natural ice save in more northern latitudes. Furthermore, as ice making plants can be operated in any latitude, however hot, it is perfectly obvious that the greatest increase in the use of refrigerators should be in hot climates.

Now, this is one of those many things which are perfectly logical but in real life are principally remarkable for not being so. Nor is the reason far to seek. The statistics of sales show that refrigerators sell in largest quantities in the temperate zone, and where genuine civilization in the way of education and intelligence is most pronounced. It is an easy deduction that this arises from the fact that such educated and intelligent people are naturally most sensitive to, and appreciative of, an article because of its sanitary appeal and because it preserves food in that fresh and appetizing form most relished and demanded by those of discriminating and cultivated taste. With the uneducated and more elementary man the matter of satisfying hunger is largely a question of quantity, while one of the refinements of every civilization is the preparation of tempting foods in which quality is the principal requisite.

Broadly speaking, the inhabitants of hot climates lag behind those of the temperate zones in the matters of sanitation and the niceties of life because of the lesser prevalence in hot regions of the higher and more progressive elements of modern civilization. This, in turn, develops that significant and never-to-be-overlooked economic axiom that the articles of quality which appeal to the higher and more intelligent instincts of civilization find their chief market among educated countries and peoples. And it is an interesting accompaniment to this statement that such countries and such peoples are almost invariably the most wealthy, and with the greatest purchasing power.

The question of who uses refrigerators brings up the consideration of the sphinx of all time, the eternal feminine, concerning whose idiosyncrasies, real nature and mental processes, we are as much at sea as were our pre-historic ancestors, the cave men, in those good old days of long ago. The first elemental principle we run across in the study of the female of the species in connection with refrigerators, is that as the latter are mostly used by woman, that we should give her the kind she wants and not what we think she should have.

Several manufacturers in my experience have lost much money by making household utensils without bestowing any thought



as to the nature and character of the being using them. For instance, most lipped saucepans are made with the lip on the left-hand side, which is all right when you pour water or some other fluid out of the saucepan, for then you naturally held the saucepan in your right hand, but it is all wrong when you have some thick substance—as a stew—in the saucepan. For then you hold the saucepan in your left hand and take out the contents with a long spoon.

Apparently from the point of convenience of the user, lipped saucepans should always be made with the lips on both sides, so as to be thus all-comprehensive. But as men continue to manufacture lipped saucepans, there is still an undue proportion of them with lips on the left side only.

The trouble is that since the beginning of recorded time man has framed woman's code of ethics and, often, her ways of conventional behavior, so that in these days when the trumpets are blown, and the walls of tradition are down, man is at a loss to comprehend the strange, new creature disclosed to his astonished consciousness. But in the future it is obvious that those things which are of women must be rendered unto women according to their own desires and wishes.

It requires but little observation to realize that, in the matter of household utensils, women have preference for such as are adapted to the purpose intended, and which save somewhat of the constant drudgery of domestic toil. Moreover, women are essentially neat and clean, and likewise have an abiding sense of the value of appearances. So touching the matter of refrigerators, those which present an attractive appearance, and are properly constructed, and are easily kept clean, are most likely to find favor in the eyes of the woman buyer.

On the face of affairs it would seem that the sales of refrigerators would cease entirely when the hot season was over, but the scattering sales throughout the remainder of the year tell a different story. Here enters into the problem one of those minor factors, whose existence can be learned only by observation and not by any process of deductive reasoning. It transpires that these sporadic sales are due, to a large extent, to the present custom of often giving refrigerators as wedding presents.

The increasing use of sheet steel instead of wood in the manufacture of refrigerators reveals to the student of the situation one of the far-reaching and profound changes taking place in many lines. Naturally he asks himself, Why this transition? Is it because steel is better or cheaper or more enduring as to wear, or more fitting as to purpose intended than wood? So he becomes acquainted with our national reckless and criminally short-sighted policy of deforestation.

This continued depletion of our stocks of standing timber discloses a vista of steady and growing substitution of steel for wood in

practically every line of business. It prophesies in time the increase of mechanics' and machinists' metal working tools at the expense of the present carpenters' edge tools. Also the lessened use of wood screws and the increased demand for all bolts used for fastening metals together. It even hints at the time when we will be confronted with the serious problem of whether handles for tools and hand agricultural implements can satisfactorily be made of steel.

In the matter of the factors affecting the future sales of refrigerators, most of them seem obviously favorable to a household article which appeals to the growing instincts of sanitation, health, cleanliness, convenience and economy in the mass of people, while only one element of the situation seems adverse—that of cold storage and refrigeration. This seems a remote contingency as affecting the general use of refrigerators, mainly in dwellings. These methods of refrigeration are so far too expensive for other than great commercial purposes, such as cold storage plants.

If the story of refrigerators, as brought forth by the study of the process of their merchandising, carried in its train such far-reaching

Kitchen cook stoves, for coal or wood, are made in three sizes, being numbered 7, 8 and 9 in the order of their increasing size. Number 7, the smallest, is naturally the cheapest, and the least comprehensive as to use. Its sale has been shifting steadily to number 8 for some years. The consequent merchandising problem is to discover whether such shift is permanent or only temporary. In every section of the country the shifting of use from the cheaper to the better and more efficient article is one of the earmarks of increasing wealth and education.

There were two ways to solve this problem. The first and most desirable is by personal study of economic conditions in the south, where the sales records indicate that No. 7 stoves were most largely sold; the other by such literature as is available on the subject, and it is quite voluminous. Both methods lead to the same result and disclose the story of diversified crops made necessary by the invasion of the cotton boll weevil with consequent advance in modern scientific agriculture.

As a complement to this is the recital of the destruction of the Texas cattle tick, and the consequent increase in live stock throughout the southern states. Added to this is the draining of swamp lands, going on steadily, not only thus making available for cultivation the richest alluvial lands in the country, but also banishing malaria and yellow fever by destroying the breeding places of the mosquito whose bite alone makes possible the transmission of these dread diseases. So great has been the advance of the south in the past score of years as the result of these events, both in material welfare and in the means of increased education, especially among the negroes as most needing it, that it is easily seen to be the promising section of the Union for larger proportionate sales, not only in merchandise in general, but especially in those higher forms whose quality and attractive appearance make the greatest appeal to the user.

This same study discloses that the sale, likewise, of coal and wood-burning cook stoves is likely to be affected by the growing demand for coal oil, gas and electric cook stoves and ranges, because of their convenience in use, their greater cleanliness, and the saving of the burden of carrying out ashes. Not only are these things additional evidences of the wonderful growth of sanitation and of the fast increasing field for the articles of convenience in the household, but they lead straight to the great inventions which are making electricity a potent factor in the growing desire among the people to make life one of less drudgery and of more leisure for the enjoyment of things worth while.

So, in logical sequence, comes the unfolding of much that is foremost in modern endeavor from the study of the decreasing sales of the prosaic number 7 cook stove.



The business man of today is as much puzzled by the mental processes of women as were his prehistoric ancestors.

education in a perfectly simple and logical manner, there is, further, the story of a very humble article—the kitchen stove, whose consideration as to its proper method of merchandising involves the entire history of the southern states, and discloses the status of some of the greatest economic industries of the time.



# THINGS SEEN

## No. 2—To Subsidize or not to Subsidize; What I Have Learned about Shipping

By ROBERT DOLLAR

A SUBSIDY for American ships has been proposed in Washington. The whole country, as well as the shipowners of America, is very deeply interested in the question. Our ships are laid up in large numbers in various harbors, costing money instead of earning money.

I have been operating ships for a good many years and I feel that I ought to know something about the subject. I have always felt that a shipowner who must have "pap" from the Government does not deserve to be in the business. We do not need any advantage over the other fellow; we can take care of ourselves. But we do ask for an even break—government interference and foolish laws have so far prevented that.

As I said, I have been in the business a good many years. The difficulty of getting vessels to carry the lumber I was manufacturing in northern California caused me first to take an interest in shipping. Rates were high and bottoms hard to get. So we bought the *Newsboy* of about 300 tons, and she paid for herself in less than a year. We then bought several more vessels. That was in 1893.

It is about twenty years since we sent our first steamer to China. It was the *M. S. Dollar* and the result of that voyage was a loss. This convinced me that if we were to make a success of this trade we would have to have an organization on the ground. So I made a trip and carefully looked over the field and, as a result, opened an office in one small room on the Szechuen Road, Shanghai.

### A Formula for Success

THIS was certainly starting on a very small scale, but this is my ideal—start on a small scale and work up from a sure foundation. We were forced to move several times to get larger quarters, and we now have our own office building, one of the handsomest in the wonderful city of Shanghai. At present we have eleven offices in the Far East, and each one of them seems to have plenty to do. The same progress has been made in America. Twenty years ago we only had the San Francisco office; now we have five others. Our fleet has grown until it includes thirteen good cargo steamers and ten sailing vessels.

For all this I have absolutely no reason for self-glorification but have to thank a good Providence that has permitted such success.

The necessity for return cargoes made us open our offices in the Far East. We filled the ships with our lumber on this side, but we had to work it so they made a profit both ways. We ran into some queer things in this China trade. When we first began to ship, the Chinese demand was only for the largest timbers. This naturally left a by-product of small boards, but the trade would not buy them. We knew that they took the big timbers and sawed them painfully into boards by hand, yet at first they would not buy the boards ready-made.

Now every successful foreign trader knows that you have to give your customer what he wants, but there is something to be added to that—if you can gradually show your customer the advantages of taking something

better, he will agree to the change. That is what we did with our Chinese customers. We shipped a sprinkling of the small boards, and this gradually created a very good market for them.

Our country is coming to a better appreciation of foreign trade, but there is still need for education along this line. This trade is not merely important to residents of seacoast cities and seafaring folks. Indeed, the man whose interest is in ships should be placed last upon the list of those whose interest in foreign trade is vital. I think those interested should be mentioned in this order: First, the farmer; second, the manufacturer; third, the merchant who has branches or representatives in foreign countries; fourth, the banker who finances and furnishes exchange; fifth, the shipowners who furnish bottoms for the carriage of ocean trade.

### The Real Trade Missionary

SHIPS are the best missionaries of trade. Not finding a cargo ready to unload where she has discharged her freight, the ship looks around to find one. She will even go to the length of buying one if she can find one no other way. Here is the way it works:

We will say that one of our ships can buy hemp in Manila at a certain price. We, at the home office, know the price at which hemp can be sold in the United States. If that which she can buy can be sold here at an advantage great enough to give us profit, possibly only enough for reasonable freight rates, it is wise for us to buy it.

We buy the hemp; the ship brings it; we sell it. Thus we get, at least, freight charges for its handling and carriage, and a new trade has been established. See how the vessel has acted as a trade missionary?

You might be surprised to learn that China could sell pig iron to the United States; just the same our ships have built up a nice little trade of this sort. We were stimulated by the fact that the ships lacked cargoes to bring home after they had discharged those which they had carried westward. They are now bringing on each homeward voyage enough to make that voyage profitable. It must be clear that not only our company but the whole commerce of the country benefits.

We sent cargoes to the Philippines some years ago and, in order to make the voyages profitable, brought copra back with us. Before that no trade with the Philippines in copra existed. Now it is a very satisfactory affair, amounting to 20,000 to 30,000 tons a year.

### Creating a New Trade

ON a trip to Japan I became convinced that there were possibilities of trade between Hakodate, Otaru and Muroran. We needed return cargoes for our ships. Being pleased with the quality of Japanese oak, I bought six oak railroad ties and took them to San Francisco. This was the first oak ever taken from Japan to the United States. We tried those pieces out by making them into furniture which proved to be satisfactory. We then made contracts to deliver large quantities of ties to the Southern Pacific Railroad Company which was about to start extensive building in Mexico. We bought the standing timber, put in men to cut it and

had it stacked and ready for the time when other cargoes would be lacking. There were plenty of such occasions. Besides the ties, much of this oak was later made into furniture in this country.

To show the freaks of commerce—that year the steamer *Hazel Dollar* took a cargo of Oregon fir ties from Puget Sound to Tientsin, China. Returning she loaded Japanese oak ties for Mexico!

There are plenty of freaks in foreign trade. I recall that some years ago we were in a port in China where we had been shipping back Chinese raw cotton. It was almost unbelievable. I asked our manager if he had investigated this.

"No, sir," he said, "we are getting the trade both ways, and I think we should keep quiet about it."

But I was a little inquisitive, so I went to the man shipping the Chinese cotton and asked him to explain the matter to me. And this is what he said:

"Here is some American cotton. It has long fibers and is very fine and straight. This over here is Chinese cotton which is very short grained and crinkly. By some hocus-pocus that I cannot explain to you, I ship this Chinese cotton on your ships, and when it gets into the New England factories it is converted into wool to make all-wool clothing."

### Some War Tales

THERE are dangers and adventures about this business, too. During the Russo-Japanese War in 1904 we chartered the steamer *M. S. Dollar* to carry a cargo to Vladivostok for the Russian Government. Finding the La Perouse straits blocked with ice, there was nothing left for her to do but try to make it through the Straits of Tsugaru. She lay far enough out so that her smoke could not be seen, and on a very thick, stormy night she put out all her lights and made a run for it.

The two Japanese gunboats guarding each end of the straits had been warned to watch out for her, but, strange as it may seem, she got by them without being seen. The straits are 12 miles long and only 3 miles wide.

The captain had been promised a fat bonus by the Russians if he got through, and he was pacing the deck after he had cleared the straits figuring what he would do with all his money. His castles in the air were interrupted by the beam of a searchlight on the ship, and soon afterwards a cannon boomed a polite invitation for him to stop. The signal was obeyed. Japanese officers and armed marines came on board—they were from a warship which had accidentally discovered the steamer.

The steamer was taken to near Yokohama for the appearance of her officers in prize court. The captain was the only one on board who knew her destination and he refused to tell. Her papers simply showed her destination as Moji. My son, Stanley, had arrived in Yokohama but knew nothing of the capture until an officer placed him under arrest, stating that next day he would be taken before the prize court. When he came before the court the judge said:

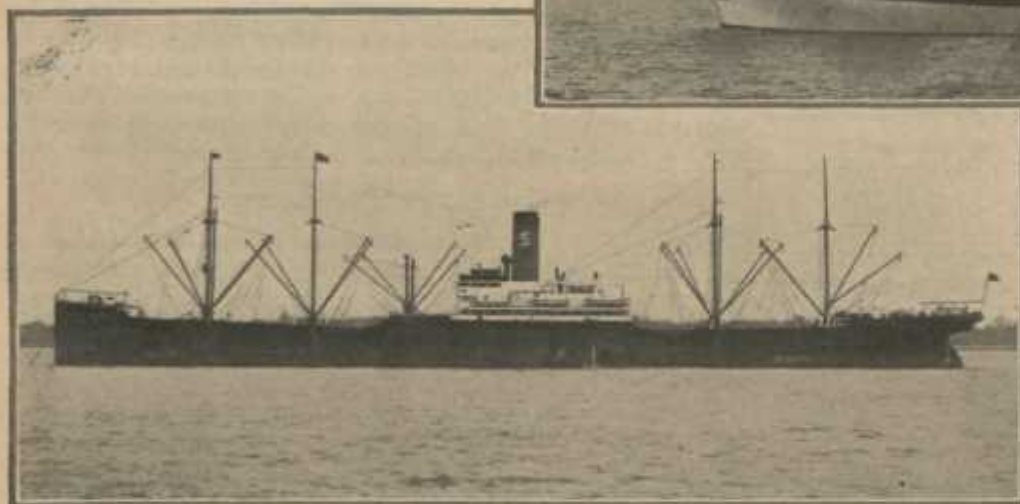
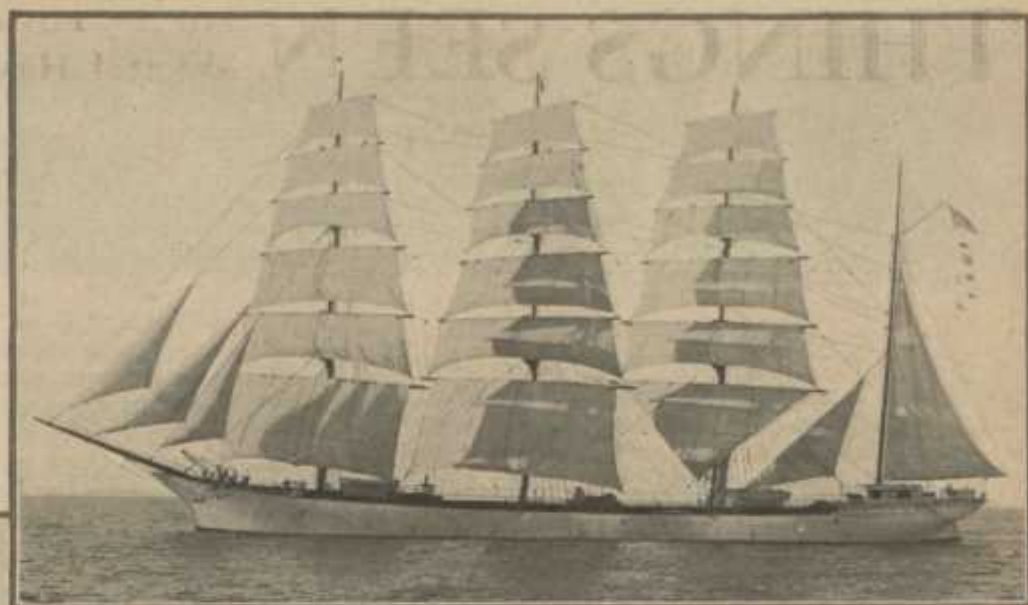
"You got a letter at the Kobe postoffice from San Francisco; I want to see it."



The letter was handed over and the judge read it.

"This letter," said the judge laughing, "is from your father and he tells you that this vessel is going to the Orient; the Orient is a very big place. Your father must be a very astute old gentleman. I should like very much to meet him."

Finally the captain made a clean breast of it and was released. Stanley asked the commandant of the Navy Yard if he could take a souvenir off the ship, and the commandant asked what he wanted. My son answered that he would like to have the ship's anchors and chains. The commander protested seriously that he could not allow those to be carried off but was kind enough to let Stanley have a silver sugar bowl which had his mother's name on it.



Types of vessels that carry the Dollar mark to every corner of the earth. The sailing ship above is the "Mae Dollar" and the steamer at the left is the "Robert Dollar."

That ended for the time being our connection with this fine vessel. We had her insured against loss from war risk for \$180,000, which the insurance companies paid. The Japanese used the steamer for a troopship during the war, after which she was put up at public auction. I bid her in for \$55,000.

Our company ran into the World War soon after it started—before the battle off the Falkland Islands. Some weeks before this engagement the *Robert Dollar* left an Atlantic port with a full cargo of steam coal ostensibly destined for Manila or Batavia. Her charter provided that she should call at Pernambuco for orders. The moment I read the charter I thought there was something wrong, but the steamer was at sea by that time and nothing could be done.

Luckily Captain Morton, her commander, was a staunch Britisher and was also suspicious. Instead of going into Pernambuco he lay off the port. A small boat carrying three Germans came out to the ship. They ordered him to Montevideo, off which the German fleet was lying. Captain Morton flatly refused to obey the alleged orders, whereupon the Germans offered him \$5,000 in gold if he would steer the vessel south.

That was a little too much for the captain, and the result was that three badly mugged-up Germans went down the ship's side faster than they had come up, and the *Robert Dollar* steamed off for the China Sea. So the German fleet went hungry for that coal and soon after was at the bottom of the sea. This incident was later the subject for a story by Peter B. Kyne in the *Saturday Evening Post*, entitled "Ireland Uber Alles." You might have read it at the time.

There was another war problem later that I had to take hold of and manage my-

self. In May, 1917, I was in Shanghai. One fine morning I received a cable from the British Commodore at Hong Kong saying that he had commandeered all our steamers and asking when and where we would deliver them. Our ships were then under the British flag, since the Seamen's Law had made it impossible for me to operate them under American registry. After wiring the Commodore I went aboard the *Bessie Dollar*, which was ready to sail, and went to Hong Kong, where I immediately called on the Commodore. He was very nice about it all. In answer to a question he told me that he wanted our vessels to carry coolies from North China to Vancouver for transportation to France.

"Would it be satisfactory," I asked, "to allow me to do the work for you and use the space in the ships not otherwise needed?"

He said such an arrangement would be entirely satisfactory but that I had overlooked the very important matter of compensation. I then dictated a letter to him stating what I had agreed to do and stating that I would leave the compensation entirely to the Admiralty in London. He was a very much surprised man.

"What if they pay you \$1 for each ship?" he asked. I replied that this was war time and that I would stand by my offer.

The following day he sent for me. He said that in justice to me he had cabled my entire letter and that he had the reply from London. This reply was entirely satisfactory; in fact the price they set was considerably more than I would have asked! The business, along with the freight that we carried, turned out to be all that we could have expected. No prospect could have been more dismal than the loss of all our ships, with

the resultant paralysis of our Far Eastern business.

Such things as this illustrate how a man in our business has to think and work fast at times. He also has to look ahead as well as he can. In November of 1917 I saw "breakers ahead," and I asked the Russian, British and Canadian governments to release the Robert Dollar Company of its obligations in running steamers to Vladivostok with war materials. We had to keep after them and finally got permission to discontinue sailings. And it was not a day too soon. The last vessel, the *Bessie Dollar*, just did get out without delay. Steamers arriving after her were diverted to other ports.

All the physical dangers of our trade are not confined to war times. China is unfortunately cursed with bandits, and they do as much harm to commerce as they can. On one of my trips to Ichang on the Yangtse River I found that our office, along with the rest of the town, had been looted and the contents destroyed. The same thing had happened six months before. We replaced everything and were soon doing business at the old stand.

#### Too Hot for the Bandits

**B**ECAUSE of those lawless bands our steamers that run on the river had armor plate to protect the captains and pilots. At Li fu Chang bandits on shore fired a volley at our steamer, but none of them pierced the armor plate. The boat had some marines on board and with their machine guns they made short work of the bandits. Eleven bodies were seen to float by. This action gave our steamer a clean bill of health at the place and she has not been molested since.

Near here are two statues cut into the solid cliff. They represent an honest man and his wife. From the reception our steamer got there we must assume that even in olden times an honest man and his wife were such a rarity that their memory was perpetuated. It is refreshing to know that centuries ago there was an honest man in this den of bandits.

**Editor's Note:** This is the second of a series of business memoirs by Captain Dollar. The third, which has to do with the Far East, will appear in an early number.





### What Is a False Label?

**M**ISBRANDING is an unfair method of competition such as the Trade Commission can stop, if the label may mislead the ultimate purchaser. This is the decision of the United States Supreme Court handed down on April 24 in the so-called hosiery case, even though not hosiery but underwear was chiefly involved. Shirts made of wool and cotton were labeled "natural merino," "natural wool," etc. When there is deception of the public primarily due to the words used on a label, it is to the interest of the public, the court said, that the commission should initiate a proceeding to put an end to its use. In such a label there is unfair competition, too, with manufacturers of shirts of mixed materials who correctly state the materials on their labels and with manufacturers who use only wool.

The lower court had held differently. It had said that the terms used on the label had become well known in the trade, that the manufacturer had consequently not deceived the only person with whom he dealt, the retailer, and that the manufacturer should not be held to account if the retailer did not tell the truth to the man who bought for himself a new shirt. This argument the Supreme Court said was unsound, for the label was literally false, was calculated to deceive, and did in fact deceive a substantial portion of the purchasing public. That deception, the court declared, is due primarily to the words on the label and not to deliberate deception by the retailers from whom the consumer purchases.

Immediately afterward, the lower court with which the Supreme Court had disagreed in the hosiery case dealt with the so-called baking powder case. In this second case the lower court interpreted the Supreme Court's decision as establishing "the principle that advertisements which are false in fact constitute an unfair method of competition, although it was one commonly practiced and not intended to mislead the trade. The labeling of commodities in such a way as to deceive the public is an unfair method of competition. . . . It is now made plain that the statute has vested the commission with jurisdiction to order anyone who misrepresents the quality of his goods in his advertising to cease and desist."

In the baking powder case the lower court acted accordingly. It upheld the Trade Commission in saying that after a manufacturer has established a reputation for a product he cannot change the materials and put the new product out under labels which will cause the public to confuse the new article with the old.

Trade associations have been working for the standard set by the Supreme Court in the hosiery case. The association to which 75 per cent of manufacturers of underwear belong had earlier declared it improper to use the label which was in question and advocated other and correct labels. The Silk Association of America considers proper labeling so important that its attorneys filed a brief in the Supreme Court in support of the Trade Commission's position.

### A Question of Authority

**R**AILROAD WAGES, a federal judge held at Chicago in the third week of April, are as much subject to the regulatory power of Congress as railroad rates. This power, he indicated, has not been yet fully exercised by Congress; for in the legislation creating the Railroad Labor Board, Congress went only to the point of making the board's decisions advisory, and to be supported only by the power of public opinion.

The point most directly involved in the case is the question

of the Labor Board's authority to fix the procedure which is to be used by a railroad in finding whom its employees desire to represent them in the negotiations about matters of industrial relations that, under the law, are to be conducted before a controversy goes to the Labor Board. When one of the railroads refused to follow instructions of this sort on the ground that the board exceeded the powers Congress gave, and the board prepared to issue a condemnatory statement, the road sought and obtained a temporary injunction. Without waiting for hearings on the question of making the injunction permanent, the board asked that the whole proceeding be thrown out of court. This the judge refused to do, thus apparently leaving the way open for more legal arguments before a final decision is reached.

### Telephone Diplomacy

**D**ISTANCE bids fair to disappear, so far as ease of communication goes. The other night, when a government official had gone to bed, his telephone rang. When he turned out and went to the persistent instrument he found on the other end of the wire a government representative in a foreign country who, from his post of duty, proceeded by word of mouth to deliver a message of commercial importance. When things reach the point that an official in Washington converses with all of his assistants, wherever they may be, things are going to be pretty lively for the Washington executive.

### Where Do You Want Prices to Stop?

**T**HE PRICE LEVEL in recent years has had universal and unremitting public attention. The Secretary of Agriculture recently told an organization of women voters that there are at least two sets of hopes about the future of the price level—the hopes of persons with fixed incomes, who want to see it go back to the pre-war point, that is, to its earlier relation to their incomes, and the hopes of persons who went in debt during the last five years and of farmers, who would like to see the level at a point roughly 60 per cent above the pre-war figure. The Secretary of Agriculture joined in hopes of the latter sort.

Almost at the same time the Secretary of Commerce concluded, on the basis of price indices, that wholesale prices appear for the present to be stabilized at an average level of about 50 per cent over the pre-war figures, with a continuing decline in retail prices.

### Home Owning Not a Lost Habit

**I**S home owning a lost ambition? Are we becoming a nation of cliff dwellers and tenters? Not if we put faith in the figures compiled by the lately established Bureau of Housing of the Department of Commerce.

Of sixty-eight cities of more than 100,000 population but twenty show a loss in percentage of homes owned between 1910 and 1920 (the figures are from the Census Bureau), and the losses are more than offset by the gains of the other 48. Of the twenty where losses were recorded, four, Detroit, Cleveland, St. Louis, and Los Angeles are in the first ten cities in point of population.

Although in New York more homes are owned than in any other city the percentage is the lowest, but 12.7, yet even here the percentage has grown from 11.7 in 1910 and 12.1 in 1900. Manhattan presents the most striking situation. With more than half a million homes, less than 11,000 were owned, little more than two per cent.

If home owning be a form of civic virtue, then Des Moines may gather her chaste skirts about her as painted Manhattan





passes, for the Iowa paragon among cities shows a percentage of home ownership of 51.2, a growth from 45.6 per cent in 1910 and 38.5 in 1900. In only one other community of more than 100,000 inhabitants are half the homes owned and that is Grand Rapids, Michigan.

It would be hard to draw any lesson from the figures save that we are not turning from home owners to home renters as rapidly as many had thought. There seems to be no geographical rule. It is true that the cities of low percentage run in this order: New York, Cambridge, Boston, Fall River, Jersey City and Newark, but Reading, Baltimore, Rochester, Camden, Philadelphia, Buffalo and Wilmington are near the other end of the scale. San Francisco has about the same percentage as New Haven and Chicago.

### Two-Way Taxes

**R**EFUNDS OF TAXES are mounting to pretty large figures for the federal government. Five months ago it was estimated that refunds of amounts improperly collected both in import duties and internal taxes would aggregate \$40,000,000 by June 30, 1922. The Treasury now puts the probable figure at \$93,000,000. Perhaps we shall sometime attain a situation such that the amount of taxes will be determined before they are paid, and thus both make the government's revenue certain and avoid requiring taxpayers to produce hard cash in excess of their proper taxes.

### A Question of Guilt

**"A** MAN desiring to put up a building confers with a prominent union official and voluntarily offers to give him \$15,000 for insurance against strikes. . . ."

"An architect testified that it was the rule for his office to add a certain fixed percentage to the estimated cost of a building to cover payment of graft. . . ."

These are from the reports of a special grand jury which investigated building conditions in one of the largest American cities. Who bears the bigger burden of guilt, the leader of labor or the builder and architect? The taker of the dirty money or the giver?

Said this grand jury:

"We believe that the men who have paid this tribute and have passed the burden along to the unprotected public are no better than the men to whom the bribes were given. . . ."

No better? They're worse!

### Progress in Commercial Arbitration

**C**OMMERCIAL ARBITRATION is making progress in Finland. A court of arbitration at Helsingfors, appointed by the Finnish Central Chamber of Commerce, began with one case in 1911 and has had a steady increase in business to thirty cases in 1921. About three-quarters of the cases turn on trade disputes and the others raise questions of trade customs.

### Feather-Bed Currency?

**M**R. EDISON has stood the American bankers up in a row and bombarded them with twenty-one questions regarding the gold standard. Most of them responded bravely, but we doubt if Mr. Edison is yet convinced. No one who develops a theory about money ever is convinced that any other theory is right.

Darwin P. Kingsley, president of the New York Life Insurance Company, answered Mr. Edison in *THE NATION'S BUSINESS* for May, and yet only the other day we opened a New York Life

envelope and in it was a long letter which set out to prove that Mr. Edison was right.

Have any of the millions who voted for free silver in 1896 come over to financial orthodoxy? Was Coin Harvey of Coin's financial school ever converted by the thunders of the faithful?

But fiat currency always has an appeal. Out of the pages of *The Outlook* there leaps at us a scheme on which to base the financial reform of Europe:

I estimate that the six million inhabitants of Austria have six million feather beds (not counting the spare rooms). These six million feather beds are worth, say, \$20 apiece, or a total of \$120,000,000, yet no one ever thinks of selling a feather bed or a "down" bed, worth much more. A feather bed is a commodity having a gold exchange value in the principal markets of the world; any calculation will show that they are worth in Austria much more than the entire value of their paper money. I haven't thought to follow this fluffy thought further, but the possibilities of using feather beds as currency instead of paper (about as bulky) might engage the attention of our near economists.

A glittering thought. Give us the feather-bed standard. Bring the hoarded feather beds out of hiding. But first, what is the per capita circulation of feather beds in the United States?

### Next Year—A Deficit

**A** DEFICIT of \$359,000,000 will be faced by the federal government for the twelve months ending with June of next year, according to the Treasury's latest computations. For the year ending with this June a surplus of receipts over expenditures is expected by about \$47,000,000.

The Treasury's estimate of the deficit for next year has about doubled since December. Less receipts from all sources by \$47,000,000 are now figured, and larger expenditures by at least \$145,000,000.

### Industry's Migration

**T**WO CENTURIES ago Bishop Berkeley served notice on the world that "westward the course of empire takes its way." A century later John Quincy Adams changed "course" to "star" and said it all over again.

Neither of them paid much attention to the westward motion of the star of manufacture, but the United States Census gives us an interesting indication of the change. Fifty years ago the Atlantic Seaboard States from Maine to Florida furnished 68 per cent of the manufactures of the country. In 1920 they furnished slightly less than half. The great gain has been in the middle west, in Illinois, Michigan, Indiana and Ohio.

What takes industry to these lake states? Coal and iron largely. Water-power isn't the answer. Illinois, Indiana, Ohio and Michigan together have only as much as Alabama or North Carolina, less than West Virginia and half as much as New York. If water-power solved the problem of the location of our industries, the Pacific coast would be swarming with factories. Washington, Oregon, and California have hydraulic resources of more than 23,000,000 horsepower, while the New England States, New York, Pennsylvania, New Jersey, Ohio, Indiana, Michigan, Illinois and Wisconsin, used only 26,000,000 in 1918.

Industry and population do not seem to move exactly hand in hand. The center of population has been hanging around in Indiana more than thirty years before the manufacturing center had shifted. The center of power use in the United States is about at Marion, Ohio, or at least it was when a distinguished citizen of that city came east to spend four years. It may have shifted a little since then.



# Congress in Its Lighter Moods

Painlessly Extracted from the Congressional Record

**I**T IS rarely that Congress can turn from tariff and taxes to art, but when it does we listen gladly. The House of Representatives has before it a resolution to re-erect before the Court House of the City of Washington the statue of Abraham Lincoln. Mr. Moores, of Indiana, sets out to draw the line that divides art from mere photographic accuracy.

Mr. MOORES.—It was not a beautiful thing to look at. It never was a work of art. It was carved with absolute truth and accuracy by a stonemason, Lot Flannery, who had the stone-yard right across from the Capitol. It was the only statue that Lot Flannery ever made. He was a man who carved gravestones and put names on them. The pedestal was so high that the features were always distorted to one who was passing, but the statue is not a work of art. Let me explain for a moment. If it were possible to make a plaster cast of me as I am speaking now or of any one of you as you are sitting in your seats, it might be a good likeness. It might be absolutely true to nature. Yet I can fancy that any one of us looking at the plaster-cast portrait would be humiliated and ashamed.

It takes a sculptor who is an artist to make a statue which shall be a work of art, and this statue never was a work of art. It is reasonably and fairly accurate.

We had a statue of George Washington, not a work of art but not a bad piece of statuary, which stood in front of the Capitol. Many years ago it was removed without a protest from anyone to a better location for it. I think it is now in the National Museum. Any one of us can see it there. It is worth seeing. It is not a bad portrait of Washington. It is not a work of art.

Mr. KING.—There has been great confusion in this House, confusing Martin Flannery with Lot Flannery. They were brothers and had a studio on Massachusetts Avenue. Martin was the man whom the distinguished gentleman from Indiana [Mr. Moores] is criticizing unwittingly when he says that he was not an artist. Lot was an artist.

Mr. MOORES.—Until three or four weeks ago did not the name "Lot Flannery" appear over the door of this marble yard, where they make gravestones, right across the street out here?

Mr. KING.—I think his name appears there now. That, of course, is a remnant of the business. He did have a studio there at one time, but he never had anything to do with the monument business at any time in his life. His brother ran the gravestone business. Lot was an artist, and did the work of that concern, so far as statues were concerned.

Mr. GREENE of Vermont.—Mr. Chairman, will the gentleman yield?

Mr. KING.—In a minute, I expect to reach that point—yes, I yield.

Mr. GREENE of Vermont.—Oh, if I am interrupting some line of thought, I would rather have the gentleman continue than to express my own.

Mr. KING.—I yield to the gentleman, even though he was committing such a dastardly act as that.

Mr. GREENE of Vermont.—I wondered whether the committee, in contemplating the possibilities that lie in the aesthetic culture of Washington, had ever given the benefit of its valuable thought to some measure for removing that mass of pottery we have on the front portico of the Capitol? There are all sorts of alleged statues there, and I am sure some of

them ought to have come out of a brick-yard or a pottery.

Mr. KING.—The gentleman will understand that this statue to which I refer is one of pure white marble. . . .

It has been stated that Lot Flannery was not an artist. His name may appear over the door of the marble yard. He is not there any more. For many years he lived there. He is an old man, now close on to 90 years of age. Evidently they are selling out the marble yard, and I hope some enterprising financier will erect an apartment house on that old lot, because we all need it. That is made incidentally as a utilitarian suggestion, and nothing else. However, if you will go to the Government Printing Office, in the main entrance hall there you will find a marble bust of Benjamin Franklin, which was created by Lot Flannery, the artist, and his name is upon it.

Mr. MOORES of Indiana.—Does the gentleman favor or would he be in favor of keeping that hideous caricature of Du Pont in Du Pont Circle, removed some time ago, but which stood there for about 80 years?

Mr. KING.—Well, I never thought it was such a caricature of Du Pont. It certainly brought into the public mind things which the present statue there does not bring up. Admiral du Pont had clothes on him as a statue in the circle. . . .

This statue [of Lincoln] has been fifty-six years on the outside now and can stand it for a longer time. But he wants to put him in an inclosure in a museum, and make him a sort of character like a curiosity in an Eden Musee.

Greenough's statue of Washington is in a museum, and perhaps it ought to be. It has peculiar features about it. In that bust they have taken off the clothes of George and have put him in the situation, so far as the clothes are concerned, of a Roman gladiator. As an anatomical statue it was good. You could count his ribs on both sides and other parts of his upper anatomy. That statue ought to be in a museum. It ought to be put into a medical school. I agree with the gentleman on that. But this Lincoln statue is an entirely different proposition.

## Why Bother with the Bill?

**D**EBATE covers a multitude of things. This is the way it ran the other day in the House of Representatives, taking up ten pages in the *Record* with a minute at the beginning and another at the end to discuss the measure before the house, a bill to sell certain land in the District of Columbia:



Mr. JOHNSON of Kentucky.—During the last two or three District of Columbia days in the House the time has been spent in discussing what is known as the pawnbroker's bill. . . . A diligent propaganda has been at work. . . .

Mr. COOPER of Ohio.—My purpose in rising at this time is to say a word in behalf of Mr. — who has been attacked on this floor. . . .

Mr. HUMPHREY of Mississippi.—A few days ago I saw a telegram from Mr. Barcelo, the president of the Porto Rico Senate, addressed to the Resident Commissioner here. . . .

Mr. RANKIN of Mississippi.—I wish to use the five minutes allotted to me to enter a protest on behalf of the 600,000 ex-service men. . . .

The CHAIRMAN.—Debate on this bill is exhausted.

## A Report From Farmer Lodge

**F**REE seeds stir Congress each year when the bill making appropriations for the Department of Agriculture is up.

Mr. LENROOT of Wisconsin.—Mr. President, in my judgment, if it were not for the fact that Senators and Members of the other House have control of the distribution of free seeds to our constituents, the appropriation for the distribution of free seeds would have gone out of this bill long, long ago.

Mr. REED of Missouri.—It is cheap claptrap to say that Senators and Representatives desire this appropriation because it benefits them politically. I do not conduct my campaigns with either garden seeds or chicken feed.

Mr. LENROOT.—If the Senator will yield there, I will say that I think any Senators and Representatives who think it is of political advantage to them are mistaken.

Mr. REED.—I am not talking about it on that narrow ground; that is the ground that has been chosen, however, by the great seed companies on which to make this fight, the companies which charge 25 cents for a package of seed peas, and there are only four peas in the package.

Mr. LODGE.—All of the seeds which are distributed are bought from the great seed companies by the Government.

Mr. REED.—Yes; but they are bought in bulk, and they are not paid for at the rate of 5 cents a pea.

Mr. LODGE.—And a third of them do not come up.

Mr. REED.—Very well; if a third of them do not come up, that is an indictment of the Agricultural Department, for if the Agricultural Department is so foolish as to expend the people's money in buying seeds that will not grow, then we had better get a new Secretary of Agriculture and a new force of assistants clear down the line.

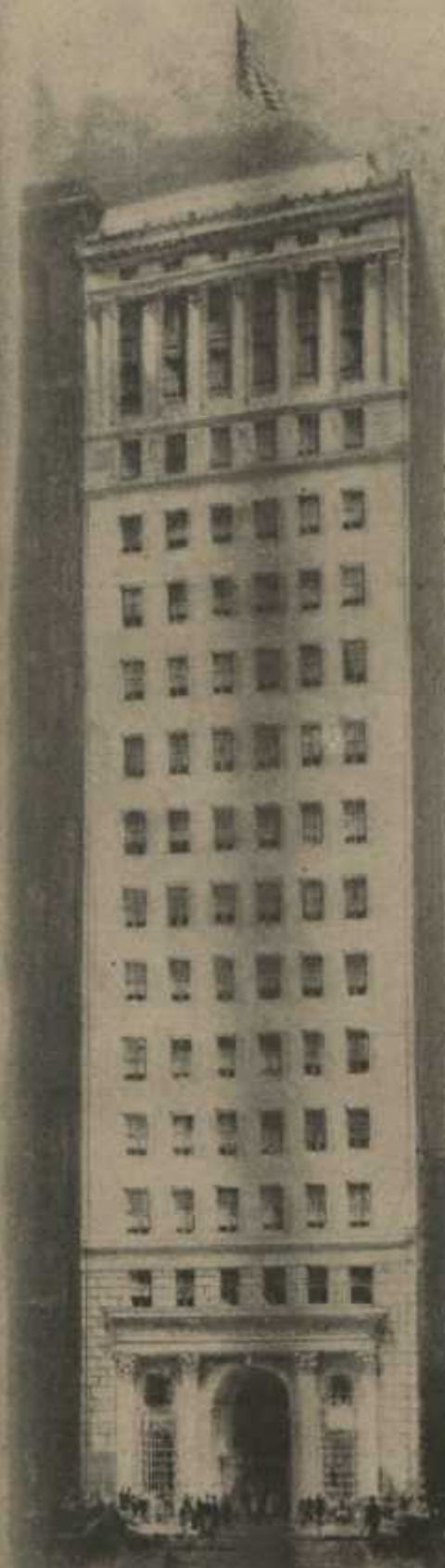
Mr. LODGE.—Mr. President, I did not know it is the fault of the Agricultural Department; but three or four years ago, as a matter of curiosity, I took some of the flower seeds and some of the bulbs and tried them. I had them planted under the best possible conditions, and the best possible care was taken, but more than 30 per cent never came up at all; they were very poor seed and poor bulbs; they were poorer even than the variety of seeds bought from the seedmen.

Mr. REED.—I will ask the Senator if he has ever tried planting any seeds he has obtained from seed stores?

Mr. LODGE.—I have. I have never planted anything else, as a matter of fact, except that one time when I tried the seeds furnished by the Government; but they are worse than seeds supplied by seedmen.



# ELIMINATING EXTRAS IN BUILDING



EXTRAS are unknown in our building contracts. We prepare our architectural drawings and specifications with a degree of proficiency and accuracy which permits us to guarantee that the project is fully covered at the start and that unexpected expenses will not develop during the progress of construction. We assume one contract for both architectural services and building construction and before work is begun give the owner a definite limit of final cost for the entire building.

This means that we undertake a financial responsibility which under ordinary practice is not assumed by either architect or contractor.

## *No extras—a specific example*

Not once during the construction of the sixteen-story building shown on this page did we go to the owner for an extra allowance because of a mistake in drawings, or because something was forgotten, or because certain construction had to be taken down and changed, or because our specifications did not include what they were suppose to include—or for any other reason.

This freedom from extras is one of the advantages of our organization and experience. It makes it possible to build on a business basis.

## HOGGSON BROTHERS

*Architectural Design and Building Construction*

NEW-YORK & CHICAGO

COMMERCIAL BUILDINGS DESIGNED AND CONSTRUCTED



# This Radio Business!

By WARREN BISHOP

ONE home in every six in Pittsburgh is equipped with a radio receiving apparatus."

That statement was made by a man who has given much time to a study of the manufacturing problems of this industry.

That city, he went on to explain, probably represents an extreme of radio use—the nearest that any community has come to a point of saturation. There are plain reasons for this. Pittsburgh was something of a pioneer in radio broadcasting and, moreover, Pittsburgh is a city with a large population of skilled mechanics, of men who not only knew how to do things but who enjoyed doing things.

With that Pittsburgh figure as a basis, nothing could be simpler than to take pencil and paper and figure out millions and billions waiting to be gathered in.

Let's see! A hundred million people in the United States, twenty-four million families, one in six needs a radio set, that's four million sets. Fine! Multiply that by the average cost of a set and you've got a hundred million dollar industry or a billion dollar industry right at hand.

From quite another source comes this:

"In Detroit alone it is estimated by jobbers that between 40,000 and 60,000 receiving sets are in daily use."

How do those Pittsburgh and Detroit figures hang together? Pittsburgh had by the 1920 census 130,000 homes, and one in six would mean 21,700 sets. Detroit had 220,000 homes, and take the smaller estimate just given and you'd have a radio receiving set in every five and a half homes.

Detroit also was something of a pioneer in radio broadcasting and is, like Pittsburgh, a city full of men with mechanical skill. So conditions are not unlike, and the figures give an idea of the progress of the industry.

## Plenty of Demand Here

THE National Retail Dry Goods Association called a radio conference not long ago to consider ways and means of meeting the demand and in a preliminary announcement of the meeting was this statement:

Radio is now recognized as a merchandising opportunity of the first order with \$70,000,000—one per cent of the \$7,000,000,000 total yearly sales by department stores—as the conservative estimate of the sales volume ready for exploitation.

In the same announcement is the statement that sales of radio apparatus in many of the large stores of New York, Chicago and Pittsburgh "average from \$5,000 to \$6,000 weekly."

Here's another view which has been put forth. There are 6,000,000 phonographs in this country. There ought to be at least as many users of radio receiving sets, and radio receiving sets average \$50 each. There you have it, \$300,000,000 worth sold or to be sold in say the next half dozen years.

How much of that more or less mythical demand for three or four million sets has been filled? Again no one knows. Secretary Hoover not long ago said that there were 600,000 radio receiving sets in use in the United States. But Mr. Hoover didn't guarantee that figure. It might be 150,000 or 400,000 too low, or it might be too high.

## The Newest Big Business

ADVERTISEMENTS of houses for sale which read: "Each house equipped with a radio phone."

Pages in the daily papers announcing radio concerts and answering radio questions.

Department stores displaying counters full of radio equipment.

These are some of the things that set us to asking:

"Who is doing all this?"

Here is a part of the answer. It's a hectic business which has not found itself and which is worried over its future, puzzled to know how much will be permanent and how much is passing fad.

THE EDITOR

Here's another figure from a publication devoted to radio:

"Today (this was written in April) there are said to be not less than 700,000 radio enthusiasts using at least 200,000 receiving sets." A figure which does not fit very well with the estimates for Detroit and Pittsburgh or the one for the whole country made by Mr. Hoover.

We have, however, one record which gives us some idea of the rapidity with which this business grew. The sudden spurt in radio broadcasting began last fall. Up to that time the great development of wireless seemed to be in the line of communication, particularly across the oceans and with equipment costing thousands and millions of dollars.

Then central stations began to sing and make speeches and retail news throughout the air, and almost overnight the whole complexion of the business changed. This broadcasting and the desire of hundreds of thousands of men and women at least to try a new sensation created a demand for the vacuum tube type of receiver. The Radio Corporation of America has the patents for these vacuum tubes, and their production story is an index of what has happened in the business of making radios.

For the first eleven months of last year the factories that make these tubes for the Radio Corporation turned out some 5,000 tubes a month, and that was an overproduction.

Then in one of two territories the craze for broadcasting began. With the end of the year, the production of tubes was jumped to 40,000 a month and the following month to 60,000, still more than enough to meet the demand. Then came the real avalanche, due to the further expansion of broadcasting. That was in February, and by the first week of that month a plea was made to the factories to turn out 75,000 tubes that month. They almost did, and in March they passed the 75,000 mark with expectations of going beyond 175,000 in May.

(A story having to do with radio ought to be dated, almost timed. This was written the middle of May and, by the time you read it,

much of what has been written may be upset or made to seem trivial.—THE EDITOR.)

Here is the way that E. P. Edwards, manager of the Radio Department of the General Electric Company, tells the story of the appetite that couldn't be met:

"A year ago, the needs of the radio amateur, with his little transmitting or receiving station, were considered an interesting sideline. This company did a comfortable business selling transformers, tubes, sockets, rheostats and other parts of apparatus to the amateur or person interested in assembling his own set, perhaps bit by bit, on the kitchen table.

"At that time about 90 per cent of the demand was for component parts of the radio set and not for the assembled set. Then broadcasting came along and everything changed. The radio amateur became the big part of the business, and the amateur suddenly began demanding whole or assembled sets and not parts. This amateur was not primarily a mechanic; he wanted music and entertainment of other sorts in a hurry and without too much trouble. The demand for assembled sets became 90 per cent of the radio business, although the demand for component parts became much greater than the demand a year ago.

"The General Electric took immediate steps for quantity production. Seventy-five per cent of the company's tool makers were set to work constructing the 108 special dies, tools, jigs and other fixtures required for standardized production. This will make possible the production within a very short time of 8,000 to 10,000 receiving sets per month.

"The company has just started in the production of its tube set which is being manufactured much the same as sectional bookcases in that it can be added to from time to time as the amateur desires to reach out farther and farther into the ether for signals. Small and inexpensive crystal sets have been turned out at the rate of 500 a week for the past month or six weeks.

## The Growing Industry

A YEAR ago this company was authorized by the Radio Corporation of America, holders of the licenses under which vacuum tubes are manufactured and sold, to produce the detector and amplifying tubes at the rate of approximately 10,000 a month. Nineteen-tenths of the demand is for these two style tubes, known as Radiotrons 200 and 201.

"This rate of production was reached February, 1921, and maintained until the middle of the summer, at which time it was found necessary to reduce the rate to approximately 5,000 tubes a month because the market was not absorbing the production. The rate of 5,000 a month was maintained until November, 1921.

"Then broadcasting hit us. After that, week after week, the demand soared skyward and production also soared, but it was absolutely impossible to keep abreast of such a sudden and unexpected movement.

"When I appeared before Secretary Hoover's radio conference in Washington four or five weeks ago, I estimated the demand for tubes was at the rate of 90,000 a month. We were then producing 60,000 tubes a month. Today we are turning out 160,000 a



# Keeping Overhead Underfoot

## Lubricating the wheels of industry to increase production

This is, above all else, the day when that old-fashioned idea, "Take care of the pennies and the dollars will take care of themselves," is pretty good doctrine—when it is indispensable that overhead shall indeed be kept underfoot, so that it cannot push up costs and interfere with sales.

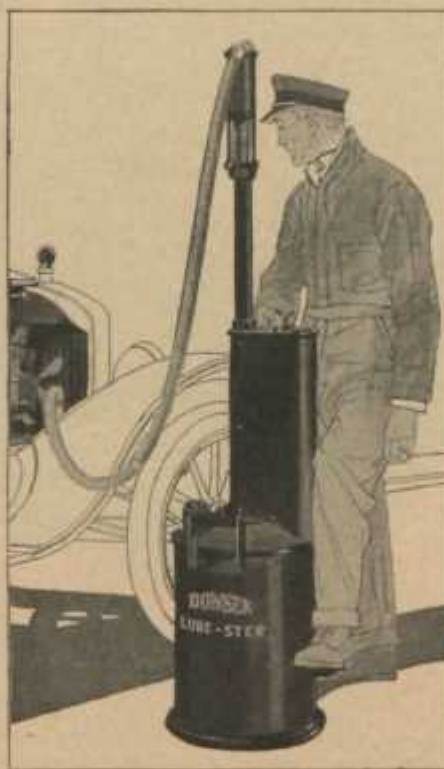
The big questions today are how to make goods more economically and how to sell them more efficiently. Bowser service helps American industry attain closer economies of operation—that is why every executive will directly profit by knowing Bowser practice.

Right here is a good place to say that, if you look upon Bowser only as symbolizing the most efficient system for storing and dispensing gasoline, we hope you will dig deeper into the facts, for our service goes very much further.

It is true, we do supply what we think is the best gasoline-dispensing system. We also supply apparatus for dispensing lubricating oil, the most conspicuous example of which is our new "Lube-ster," an oil pump-and-tank device that you will find on many filling station curbs today. It is advertised to serve a quart of oil in 10 seconds, and does it.

But we go very much further than merely to facilitate the individual transportation of busy executives. We manufacture systems used for the storage of oils of all sorts, both for lubrication and burning, for railroads, factories, steel plants and industrial institu-

tions of all kinds and sizes. We manufacture special apparatus for handling and dispensing varnish, paint oils, shellacs, and still make kerosene-handling outfits. This kerosene-handling outfit is the modern development of that first crude outfit—the very outfit on which Mr. Bowser founded this business in 1885. In fact, this



The "Lube-ster," as shown in our advertising in *Saturday Evening Post* and *Literary Digest*

kerosene outfit, with self-measuring pump, was Mr. Bowser's original "big idea."

But this page is not intended as a catalog of Bowser products or of Bowser achievements. Our aim is to establish in the minds of all who read *The Nation's Business* the idea of Bowser service. When our representatives call on you, we want you to think of them as ambassadors of an ideal, rather than as salesmen of a product.

Of course, our men call with the idea of selling you what you need, in the way of tanks, pumps, filtration systems, etc., but that is really of secondary importance from

your standpoint, for they are equipped, by experience and training, to pick out the spots in your plants where money is leaking out, through inadequate oil-handling systems. Our men thus concentrate on stopping industry's leaks—in seeing to it, as we said in a recent trade paper advertisement, that you are able to "use all the oil you buy."

If one of our men tells your plant engineer that you need a certain size tank, you can depend upon it that that tank is neither too large nor too small. If he tells you that you should have a quart size pump for dispensing oil, rather than a gallon measure, you can take his word for it that the smaller size is adequate.

The importance of this high type of service is obvious, for it directly leads to efficiency and economy. In a word, it is Mr. Bowser's life's ambition to give to American industry the apparatus for handling, dispensing and economizing in the use of lubricants of all sorts.

It would be a great pleasure and satisfaction to have correspondence and calls from those leaders of industry who feel, as Mr. Bowser does, that better methods mean better products. Our experience of over 37 years is at your service. In another column is set forth the foundation platform of this business as enunciated by Mr. Bowser. We invite the world to judge Bowser service by Bowser ideals.

### S. F. Bowser & Co., Inc.

Pioneer Manufacturers of Self-Measuring Pumps

Home Plant: Fort Wayne, Indiana

Canadian Plant: Toronto, Ontario

Factories and Warehouses: Albany, Dallas, San Francisco, Sydney.  
District Offices: Albany, Atlanta, Chicago, Dallas, Denver, Detroit, Minneapolis, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco, Toronto. Representatives Everywhere

Offices, with Service Departments, in Principal Cities Abroad

**BOWSER**  
ESTABLISHED 1885  
ACCURATE MEASURING PUMPS

EVER since I built my first measuring pump in 1885, I have guaranteed that Bowser products were rightly built, and of the best materials. Good materials, handled by good workmen, insure perfection of product, which in turn assures perfection of service. I, therefore, welcome this opportunity to say that we stand squarely behind every Bowser product in its daily service in American industry.

*S. F. Bowser*



month, and by May we will be manufacturing 200,000 a month. That production is about forty times as great as our production six months ago.

"Although much of the radio work is being done at the Schenectady works; the General Electric Company is using all its factories in trying to meet this demand. The Edison Lamp Works at Harrison, N. J., and the National Lamp Works at Cleveland, Ohio, are both busy turning out vacuum tubes of the smaller sizes. The Sprague works at Bloomfield, N. J., the plants at Lynn, Mass., Fort Wayne, Ind., and Bridgeport, Conn., are all working on tube bases, transformers, sockets, small motor generators and other parts of radio equipment. It is hoped that very soon this boom, one of the biggest which has ever hit the electrical industry and has spread like a conflagration, will be under control."

But the General Electric Company and its output of vacuum tubes is only a part, even if it be a considerable part, of this industry which has grown so suddenly and to such surprising proportions.

Who else is helping to fill, and profiting by, this demand? Here again you may not hope for certain information. Ask the Department of Commerce and they will give you lists of makers of parts and of complete sets.

"Are they correct?" you ask.

"By no means," is the answer. "We couldn't say that the list contains two-thirds or even half the names, but it is the most complete we have been able to make."

The industry spread somewhat in this fashion. First to be affected by the new demand and first to be able to respond to it were the small number of well-equipped corporations which had been doing research work and manufacturing to meet the small demand that existed until a few months ago. Theirs was a problem of increasing manufacturing capacity. Next affected and next to get into stride were the large concerns making electrical apparatus, and more particularly telephone apparatus. They were able to fit into the business with no great difficulty.

Then came a group of amateur makers of radio equipment, men who had followed this new thing with interest from its early days, who had made for themselves instruments which worked well and who found quite suddenly that their neighbors were clamoring for similar outfits.

### Just Drifted In

THESE men just drifted into the business, some of them, most of them probably confining their work to odd moments away from their regular employment. Some of them have gone into the business in a more pretentious fashion, giving up all their time, turning an old shed into a factory and hiring some extra help. A fourth class is made up of men who had idle factories and machinery which could be turned to use in making some part of a radio outfit. These men were, many of them, ready to leap into anything. The radio demand came at a period of great business depression when many factory owners were glad to undertake any work whether or not they were familiar with it.

All these four classes are represented in the two lists of radio manufacturers prepared by the Department of Commerce. One of these lists includes manufacturers of transmitting and receiving sets, the other is a tabulation of makers of parts and appliances. There are thirty-eight names in the former

and 136 in the latter. There are some duplications, and both lists, as the Department of Commerce experts will tell you, are far from complete. How difficult, almost impossible, it would be to make a list even approximately accurate is shown by the fact that from January 1 to May 1 of this year the Secretary of State of New York issued charters to 1,800 corporations having something to do with the radio.



It is still a sellers' market in the radio business. Dealers will tell you that they can't supply the demand.

These lists would show all four of the classes I have referred to. In the first would be such concerns as the Radio Corporation of America, an affiliation of the General Electric Company, the Western Electric Company, the Westinghouse Electric Manufacturing Company, the American Telephone and Telegraph Company, and the United Fruit Company. Typical also of the concerns which have been working at the problems of wireless communication are the American Radio and Research Corporation of Medford Hillside, the DeForest Radio Telegraph and Telephone Company of New York, and the Clapp-Eastham Company of Cambridge, Mass. Of the second class are nearly all established makers of telephone equipment who have turned over all or part of their plants to meet this new demand. In the fourth class would be such lines of manufacture as makers of mechanical toys and of dental tools.

With an industry which has not yet shaken itself down there is of course no way of estimating, with any degree of accuracy, the amount of capital invested in the making of radio apparatus. One estimate made in March of this year was that from \$10,000,000 to \$12,000,000 had been put into the in-

dustry. That seems far too small. The census figures for 1919 before the great growth showed an output of radio equipment valued at more than \$7,000,000.

The marketing of radio instruments is another branch of the industry which is trying to find itself. Earlier in this article I spoke of the efforts of the National Retail Dry Goods Association to stabilize its share of the business. At the conference called by them some 500 department stores were represented. A committee was named to work with the manufacturers in an effort to determine what the probable market might be and to permit manufacturers more definitely to plan their production in advance.

But the merchandising end is not confined to the department store. Radio outfits are sold by the mail order houses, by jobbers and dealers in electrical material of all sorts, by drug store syndicates, by dealers in hardware and through every other conceivable channel by which merchandise reaches the user.

Like the production end, the dealers would like to know to what they may look forward. No business "booms" without fear of a reaction. Our experience with a nation-wide boom and the depression that came on its heels is too recent not to send chills down industry's back when "over-inflation" is even hinted at.

There is a farm-yard proverb that "scum and cream both come to the top." The radio industry would like to know what is cream and what is scum.

Few of the men who form the real general staff of the industry, the scientists and the engineers who have worked out its problems, feel that it is going to drop out of sight. They may admit that there is a certain amount of froth on it—that some of the money that has gone into radio sets has been merely to satisfy a passing curiosity.

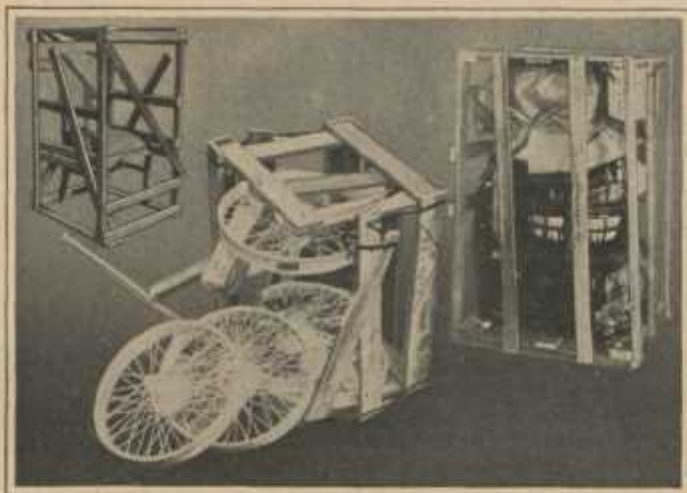
Here's the way R. A. Lundquist, Chief of the Electrical Equipment Division of the Department of Commerce, sees a part, at least, of the future field of the industry:

"After a while, six months perhaps, or a year, some of the enthusiasts will begin to lose interest. Not so many people will be rushing to hear anything and everything that may be wandering through the air. The home radios will hardly take the place of the phonograph to supply the evening's entertainment by the fireside. What I think we shall see, and increasingly, is the community use. In the districts where there are meeting places in schools or churches we shall see installed large and adequate receiving sets. Some company, well equipped, will provide broadcasting stations at strategic points and will sell service, and service of the highest type. Here we have, say, Sir Conan Doyle, lecturing and attracting thousands. There are other thousands and hundreds of thousands, perhaps, who would like to hear him, and whom he could reach in some such way, as I have described."

### Catching Up in Cotton

CONSUMPTION of cotton around the world in the year ending with June, 1922, will probably come within a million bales of the record year, 1913-1914, according to the Department of Commerce. That would mean an increase of one-fourth over the consumption in the year ended with June, 1921. If the expectations of the department are fulfilled, the bogey of the excess production of cotton in recent years will be largely eliminated.





"WHEN traffic again reaches a normal quantity much freight is going to pieces in transit by reason of insufficient packing unless a very material improvement in packing is effected."

The above paragraph from the report of a division freight agent of one of the leading railroads of the country will suggest to many business men the importance of checking up on their present methods of packing their goods for shipment.

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At the left are shown a few specimens of faulty crates—by no means exceptional instances. You will find scores of such crates at any freight terminal, any time. They help pile up the claims for damaged freight which every year mount into millions of dollars.

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The services of a Weyerhaeuser crating engineer are available to any shipper who thinks that his packing methods might be improved.

## Does the Proper Packing of Goods Pay?

ASK any jobber or retail merchant what he thinks about the value of proper packing.

The chances are he will name those shippers whose products always arrive in good condition—ready for immediate use or sale. No needless repair costs; no damage claims and allowances to haggle over; no lost parts to replace.

He will probably tell you that this is one reason why he likes to do business with them.

SHIPPERS in all lines are finding that proper packing makes selling easier. The elimination of damage claims and allowances speeds collections and increases profits. Very frequently, too, they have found it possible, through scientific crate design, to reduce, materially, their packing costs.

One manufacturer has saved 28% in lumber on one crate, 30% on another, and more than 50% on a third. His total savings in lumber and shipping weight amount to over ten thousand dollars a year. And in each instance the redesigned crate has proved more efficient than the one formerly used.

Proper crate construction is no longer a matter of guesswork. The engineering principles upon which it is based are now established by the experience, observation and experiments of the U. S. Forest Products Laboratory, the railroads

and many large shippers as well.

In the same manner that merchandise is being designed, tested, redesigned and tried out, so, too, are the crates which are to carry these goods being designed and built to meet successfully the hazards of transportation at a minimum cost.

The Weyerhaeuser organization has for years been at work on this problem—collecting and analyzing the facts, so that every foot of lumber it sells for crating purposes

will deliver 100% service and at the same time effect the greatest saving for the shipper.

As a result, this organization now offers to the industrial user of crating lumber the services of a practical crating engineer. Without cost to you we will send this man to your plant, to check up your crates, and with the co-operation of your shipping department to redesign your shipping containers to fit in each case the products to be packed.

Lumber is the standard material for shipping containers. For this purpose, this organization offers to factory and industrial buyers, from its fifteen distributing points, ten different kinds of lumber of uniform quality and in quantities adequate to any shipper's needs.

A BOOKLET, "Better Crating," which outlines the principles of crate construction and explains the personal service of Weyerhaeuser engineers, will be sent on request to manufacturers who use crating lumber.

Weyerhaeuser Forest Products are distributed through the established trade channels by the Weyerhaeuser Sales Company, Spokane, Washington, with branch offices at 208 So. La Salle Street, Chicago; 1015 Lexington Bldg., Baltimore; and 4th and Robert Sts., St. Paul; and with representatives throughout the country.

THESE illustrations show a few important details of construction that increase strength of a crate. In the upper picture note that frame members are held by two nails driven in a row, while in the other three nails are used and they are staggered. Greater holding power is thus obtained and danger from splitting is materially reduced.

The double mitre on the diagonal brace shown below also gives a bearing against the upright frame member, thus transmitting any thrust it might receive directly to the frame of the crate rather than to its fastenings as would be the case above.

The proper size, thickness and kind of lumber, and the size and spacing of nails will vary with the requirements of each individual crate. The strength of a crate can often be increased without increasing the amount of lumber used.



## WEYERHAEUSER FOREST PRODUCTS SAINT PAUL • MINNESOTA

Producers of Douglas Fir, Pacific Coast Hemlock, Washington Red Cedar and Cedar Shingles on the Pacific Coast; Idaho White Pine, Western Soft Pine, Red Fir and Larch in the Inland Empire; Northern White Pine and Norway Pine in the Lake States





# Demand Catches Supply Napping, but Buyers Still Confine Themselves to Present Wants and Await the Harvest

BY ARCHER WALL DOUGLAS

**W**INTER wheat lost ground during April because of unceasing rainfall that flooded the bottom lands in the Middle West and West, thus often entirely destroying the growing plant.

Green bugs also took their toll in Oklahoma. Growth is thin and not healthy in western Kansas, western Oklahoma and western Texas and likewise in the Texas Panhandle. In these sections the abandoned acreage will be larger than seemed likely on April 1. On the other hand,

ahead other than for immediate wants. It is still the testimony of every traveling salesman that selling goods is a matter of the keenest competition and that dealers scrutinize prices as closely

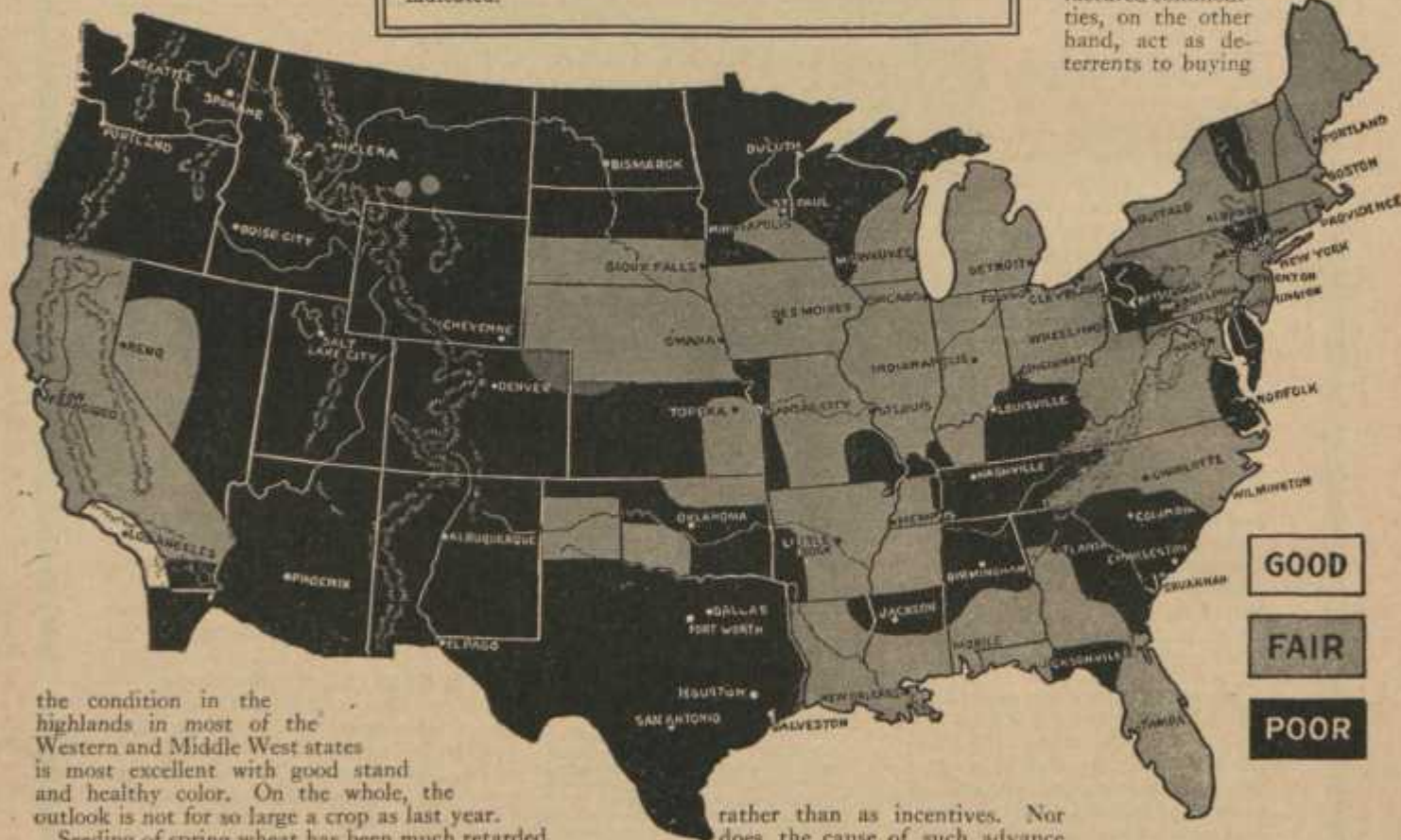
as ever. But it is equally evident that there is more business in most, although not all, sections. The improved outlook for crops counts for much, and in the agricultural regions sustained higher figures for farm products play a large part in the present buying.

Advances in prices of manufactured commodities, on the other hand, act as deterrents to buying

## Business Conditions, May 15, 1922

**T**HE DOUGLAS MAP shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



the condition in the highlands in most of the Western and Middle West states is most excellent with good stand and healthy color. On the whole, the outlook is not for so large a crop as last year.

Seeding of spring wheat has been much retarded by wet soils and cold weather. This will probably result in a somewhat decreased acreage compared with last year; but abundant moisture in the soil offers opportunity for increased production per acre. Corn planting is everywhere very late, but many of the abandoned wheat fields will be planted to corn.

While there has been some local damage to fruit here and there, the outlook is for a generous yield in nearly all sections where fruit is grown.

Industrial life is distinctly on the upgrade, although this has to be qualified as to sections, as in the case of cotton manufacturing which is well employed in the South but paralyzed by a prolonged and futile strike in the New England states.

Iron and steel manufacturing is especially busy and is accompanied by higher prices in some crude products. What has happened has been obvious for some time, namely, that the increased demand from distributors, both retail and wholesale, which set in in March, would find manufacturers utterly without any stocks on hand and consequently unable to take care of the larger volume of trade even though its increase was not one of great proportions. It simply represents the filling up of half-empty shelves and has no relation to speculation, nor purchases

rather than as incentives. Nor does the cause of such advance make any difference so far as the buyer is concerned. The oft-expressed belief that a somewhat firmer, if not higher, level of prices will produce a sense of stabilization and impart a feeling of security in purchasing fails to find any reflection in the minds of consumers. For there is a generally obstinate prevailing conviction among the many, especially in the country districts, that readjustment in prices is not yet complete in all lines, and so they demand "to be shown" whenever advances are asked in commodities that consumers think may not have struck bottom yet. Hence it is that the prevailing high prices in the stock market as indicative of genuine prosperity in the near future do not find much credence among the many, for they know full well that there is nothing to warrant these figures, either now or in the immediate future, and that those who believe otherwise are liable to experience the fate of the shorn lamb who always buys at the top and finds no tempering from the wind save in poetry and the movies.

For the prevailing thought is to make the most of the present undeniable improvement and then tarry awhile as the inevitable summer dullness draws nigh, until there be something definite concerning the coming harvest.

(Continued on Page 42)





## A Lesson from the Stars

**I**N the garden of a country home two men were talking. Near them sat a small boy, looking at the stars.

Said one of the men: "I am making a product that I know is the best in its class—and still I can't sell it."

There was a moment of silence. . . . Then the second man called to the boy who sat near them. "Son," he said, "if you had your choice of any of those stars up there, which one would you choose?"

The boy promptly pointed to the brightest star in sight. "That big one over there!" he said.

The man who had addressed the boy turned to his companion. "As a matter of fact," he said, "there are other stars in the heavens, which the boy cannot see, that are far brighter and bigger than the one he chose. But he didn't know the other stars were there—and so he couldn't choose them. That's why your product isn't selling. People simply do not know it exists."

"I know what you mean," said the first man, "advertising. But I have tried advertising in the past—two or three times—and it didn't work."

His companion seemed preoccupied with the stars. . . . "If we stand here and watch the sky for a few minutes," he finally said, "we shall see a shooting star. It will spurt across the heavens for a second, and then it will die out. There are thousands of shooting stars every night. People pay little attention to them and they are instantly forgotten. That's the kind of an advertiser you were."

"The Pole Star," continued the speaker, "has stayed on the job so long and so faithfully that its very name has come to mean 'a guide, a controlling principle.' And that's the way to advertise. There are certain products today whose names are regarded as a guide to satisfaction and a controlling principle of quality. They are the pole-stars. In this present economic situation, the pole-stars are doing the business."



**N. W. AYER & SON**

**ADVERTISING  
HEADQUARTERS**

NEW YORK

BOSTON

PHILADELPHIA

CLEVELAND

CHICAGO



## Pertinent Points for Particular Persons

The President of the Washington State Retailers' Association is Mr. George A. Phillips, President of the Palace Department Store, Spokane, Wash.

In speaking of the *24c* Green Stamp—the housewife's discount for cash—Mr. Phillips recently said:

"We regard the *24c* Service as having an individual value which no other publicity known to us is able to supply. We use the stamps as a simple accounting system, whereby each customer may keep a just and regular account of his or her own purchase, in order that they may receive the same rate of discount on a 10c purchase as they do on a \$10.00 purchase. We urge each customer to take a book to save the stamps. This makes a splendid finish to each transaction day by day.

The *24c* Green Trading Stamp appeals to us as a fair proposition between the parties concerned; that is, the customer, the merchant and The Sperry & Hutchinson Company."

The above expression of opinion is founded on facts and results. The voice of the experienced is worth far more than a chorus of opinion from the theoretical.

For full particulars regarding the *Sperry* Service and its business building powers address

THE SPERRY & HUTCHINSON CO.  
114 Fifth Avenue New York

Nor do all lines share alike in the going improvement. Dry goods at this writing are somewhat duller despite a strong market for raw cotton that is based upon late planting due to floods and unceasing rains in most of the Mississippi Valley and the Southwest. The situation in these respects is rather better in the South Atlantic Seaboard. There is also the problem of how long it may take the retail and consuming trade to accept the situation and the realization of higher possible prices for some time to come for cotton fabrics. The same story applies in its general nature to wool and woolen products since the emergency tariff has almost doubled the price of wool with consequent greatly improved outlook for business in the far western and the southwestern states.

The cotton business has the possibility of a future that may recompense it for many of the trials it has endured for two years past. The cotton consumption of the world is on the increase as Europe slowly gets back on her feet, while there is small chance of proportionate increase in cotton production during the coming season.

The automobile industry has shown greater production, much of which is due to the coming of spring. There still lies ahead of it the solution of the elemental problem of the adjustment of an overgrown potential production to a demand that has its limits.

The coal strike has not as yet shown any depressing effect upon business save locally, where the closing down of the mines has greatly decreased the purchasing power of those particular communities.

There has been a sudden general discovery that the inherent and so far incurable difficulty about coal mining, especially bituminous mining, is the superabundance of mines, some 5,000 in all. This is an old story to the coal operators and to all students of the situation, but nobody has ever found the way out. Much emphasis is now placed on the superabundance of miners, and it is suggested that the surplus miners seek other jobs; then everything will be lovely. This is a solution that does not solve, or, in the language of medicine, it is palliative rather than remedial, like taking dope to relieve deep-seated pain. The only result would be

that fewer men would have longer working hours and get more pay, but the mines, if all were running, could not possibly run full, so great is their capacity. There would still be expensive operation on part time with the miners still being paid not alone on the basis of time they work but also on time they are idle, as is now practically the case. The real solution is to run only enough mines to supply the demand and to run them full all the time. But nobody has yet been able to persuade some mines to go out of business and let others run in order that a serious economic problem may be solved.

Building activity is most marked in the large cities and towns. There is but little construction going on in the country districts. Dwellings of various forms outnumber other buildings now in process of erection.

The lumber business feels the impulse of increased construction in the size of the cut and in larger shipments and orders. This is true likewise of builders' hardware.

Stocks are accumulating in crude oil owing in large degree to greater production, especially in some of the Oklahoma fields that were thought to have been thoroughly exploited.

Some of the copper mines have resumed operations in a modest fashion in hopes that the surplus above ground will soon be down to normal proportions. Unemployment seems to have decreased somewhat during the past thirty days, as might be expected at this season.

Definite figures of unemployment, other than for restricted localities, have usually to be taken as approximations at best. Much of the work is necessarily of an estimated nature, and the means of accurate knowledge are often not available. Some comparisons that I have seen between government figures and those obtained by some municipalities were so completely at variance as to raise the natural question as to whether they were not both wrong.

Despite constant rainfall there has been most excellent business in all goods pertaining to outdoor sports; all save fishing tackle in those numerous sections where the muddy streams made angling an even more disappointing sport than it often is under better weather conditions.

## Some Queer Business Questions

THE public thirst for knowledge is unquenchable. If you doubt it, here are a few of the unusual questions that have been asked of one of the nation-wide organizations which have their headquarters in Washington where government departments and semi-public institutions turn out statistics, reports and pamphlets in an unending stream. The questions are genuine, every one of them, and they are only a few of thousands:

Believing firmly that the happiness of the average human is greatly measured by his yearly income, we beg your honorable, progressive organization to gather together the actual costs of living for a family of five in different districts throughout the United States, based upon the actual cost of telephone, food, clothing and fuel and any other necessities but not to include a victrola, an automobile or a parlor carpet.

What are the customs duties charged by Canadian Government on wedding gifts imported into that country?

What will be the natural ice crop (prospective) for New England, New York, New Jersey, Delaware, Pennsylvania, Michigan, Ohio, Indiana, Wisconsin, Minnesota, Iowa,

Missouri, Kansas, Nebraska, North Dakota and South Dakota? Will the crop of natural ice have to be imported from Canada? What is the price per ton of this ice placed in the icehouses and the volume of the crop?

What is the quantity of wooden clothespins used annually in the United States, both the plain wooden and the snap style?

What are the names of the Big League baseball team managers? How can we gain recognition from these managers and obtain their consent to use the facilities afforded by this city for a training ground in the spring of 1922?

I am requesting the parents, guardians, uncles or near relatives who have marriageable daughters, nieces or wards or possibly widows to get in touch as soon as possible with me in regard to the personality, income and possible wishes of the candidate for marriage into the aristocracy of Europe.

Could you please send me a cure for a wire cut which is on the foot of one of my horses in that little sunk-in place? He is such a big, fine horse I'd sure hate to lose him.

I have a proposition for making a medicine from the peeling of a tree found near the boundary limits between Peru and the Republic of Brazil in the Andes Mountains, for the cure



of tuberculosis. I wish you would let me know if you are interested in cooperating with me in organizing a corporation for the making and selling of this medicine.

Will you kindly send me a booklet of Baltimore for I expect to be there for part of a day and would like to know what to try to see.

There is a certain kind of whitewash used on one end of the White House and I would like very much for you to furnish formula for same.

Will you kindly recommend me a place where I can send for a catalogue of electric bell. Also a place where I can buy some pictures for dining room as—fruit and birds. Please recommend me a place where I can buy a good book about how to make a sun dial with all their particulars. Kindly recommend me a place where I can buy one of the best books on birds, mammals and fish in the price. And also will you kindly recommend me a place where I can buy a second hand small clock with chimes on. Also recommend me a place where I can buy some bird traps for catching birds. Also recommend me a place where I can buy some second handed marine motors from 10 hp. to 20 hp. with price. Recommend me also one of the best books in the country for mixing drinks and where I can buy it.

What is the quickest way to get names and addresses of manufacturers of meritorious mechanical merchandise machinery mixtures or miscellaneous money making monopolies protected by Patent if possible who will offer me a commission to sell in this state or adjoining states.

Please furnish me with recipes for making the following: salted nuts, potato chips, baking—bread, pies—fancy and novelty, noodles, candy, soft drinks, scrapple & meat, extracts,

ice cream, pop corn, yeast, chewing gum, pretzels—hard, soft—sweetmeats, doughnuts.

What is the quantity of artificial teeth made in the United States?

Where can I sell three ounces of golden brown hair?

Where can we get a town clock?

Where can second hand barrels be bought?

What does the term "prompt shipment" mean?

Can you get the cars necessary to save \$9,000,000 Texas cabbage crop?

What is the formula for the grease used on the naval guns to prevent damage by salt water?

Please let us have the names of Philadelphia firms interested in buying mica shippings or ground mica.

How can we establish a local hall of fame? What is the method used in the choosing of names in the Hall of Fame of Great Americans?

Please furnish me with a list of the American chambers of commerce in foreign countries. My girl friend wants to find employment in England and I would like to obtain a position in Pekin.

I have an emerald mine in Ecuador, but cannot operate it for lack of funds. Where can I obtain capital for the enterprise?

I should like to attend a school to learn shoe-making. Can you furnish me with a list of the best schools for this purpose?

What is the volume of the trade down by the lower Mississippi Valley district?

I have a canning factory that is in use only during a few months of each year. What would be most suitable for manufacturing during the remaining months? Would it be possible to use this factory by leasing it out during the time it is idle?

Can you inform me the name of a number

of institutions in which a feeble-minded woman, forty years of age might be cared for?

Please give me the names and addresses of all the people in the United States who own circuses. How many rings has each circus? How many clowns?

Can you supply information concerning number of phonographs, pianos, stoves, ranges, dining room tables and buffets in use in America today. Please reply special delivery.

Please furnish me the names of towns of 15,000 or more population in the Middle West or South in which I could establish a tea shop serving only the best clientele.

With the idea of developing a new industry I am desirous of obtaining addresses of parties or packing plants from whom I can purchase in large quantities fish scales such as river herring, sea herring, salmon, shad and white fish.

Please send me a list of the cities in the United States in which there are Greek Catholic settlements. I wish to sell dried octopus to stores in these settlements as they are in great demand by these people.

I am writing in regards to information regarding the wages or salary of a pedestrian. I would like to undertake to visit the capital of every state in the U. S. A. and would like to receive information regarding a proposition of this kind in full. Have done a considerable amount of walking and think I would enjoy the undertaking.

We are very desirous of securing as complete information as possible regarding the manufacture of toy marbles. Will you furnish us with the following information: sources of material, machinery used, manufacturers of machinery, scale of skilled and unskilled workers, miscellaneous information.

# Nation's Business Observatory

EVENTS have followed thick and fast in the struggle being made by trade associations to determine how they may lawfully function. The correspondence between Secretary Hoover and Attorney General Daugherty was followed by a meeting called by Mr. Hoover with executives of trade associations and by the appointment by the United States Chamber of Commerce of a committee to consider association activities.

Two propositions come from the legislative end of the Government, one a resolution introduced by Senator Edge and Representative McArthur for a congressional investigation of trade associations, the other a bill introduced although not pressed by Senator Edge which would give the Federal Trade Commission power to put a government seal of approval on the activities of trade associations if and when the association submitted to the commission in advance its plan of conduct. This last named suggestion finds some approval in the trade press, but that approval is tempered by a feeling of fear of the Federal Trade Commission.

Typical of this state of mind is the following from the *American Lumberman*:

As an attempt to enable the Federal Trade Commission to function in aid of business the Senate bill proposed by Senator Edge last week appears to be sincere and meritorious. But the bill would confer upon the commission authority that might be abused. For example, if it becomes a law in its present form the commission could require any member of an association to supply it with such statistical information with respect to his own business as it desired.

Another provision of the bill, however, ap-

pears to grant what many lumber association workers have asked for; and that is something in the nature of a "certificate of good character" which "shall be prima facie evidence of the legality of the existence of such association and of the purposes and objects thereof." If the commission cannot sanction the plan of organization, it may "suggest to the applicant wherein such conflict (with the anti-trust laws) lies, and what changes in the proposed plan of organization or of operation or other details will conform to the requirements of the anti-trust laws."

*The National Provisioner* says:

The commission would have the power to approve and give formal certification of the purposes of trade associations on their request. This is held by many to be a really progressive step. For instead of working in the dark as to the legality of trade practices, associations approved by the commission would have the right to ask for rulings on many important matters of trade practice, and the commission would have the authority to make the requested ruling after careful investigation. In this way all matters of this kind would be speeded up, and the wearisome and often unsatisfactory method of court proceedings would give way to a more common-sense business method.

Danger in the plan lies in the abuse of its functions by the Federal Trade Commission. Should that body behave itself as it has in the past, the Edge plan would simply toss the situation from the frying pan into the fire. Business interests may be pardoned for looking askance at such a plan until the Federal Trade Commission has cleansed itself of the odors of past associations.

*Engineering and Mining Journal-Press* gives the Edge bill a pat of approval, holding

that the great thing is the elimination of uncertainty from business. The *Journal* disclaims any desire to discourage competition or to encourage combinations in restraint of trade, but, it asks, how can one proceed confidently so long as the rules of the game are undetermined? It goes on:

In this particular case, moreover, uncertainty is likely to be exceptionally costly. Unless positive guidance is given, the trade-association movement will receive a blow which will prevent in large measure the performance of many functions which are highly useful in the economic process and quite free from objection on the ground of restraint of trade. For the fact-finding function of the trade association is really a risk-elimination function. If a business man can make his plans and decisions on the basis of fact and knowledge rather than guess and speculation, he can price more closely, eliminating the reserves and insurance premiums which inevitably accompany the conduct of business when surrounded by uncertainties. Trade associations now supply many valuable data; they can be so developed as to supply many more. Such data are essential to wise business decisions and will result in fewer losses to business men and lower prices to consumers.

The Edge bill may not be perfect. Senator Edge does not pretend that it is. But certainly his proposals are steps in the right direction. It is possible to define fairly precisely the things which trade associations "may and may not do," and Congress owes it to the business community and to the country to make this clear.

The Hoover conference with its accompanying proposal that statistical information be cleared through the Department of Com-

(Continued on page 46)





*Class of 1922, Davey Institute of Tree Surgery. Thorough scientific education, plus practical skill trained into them, makes these young athletes master tree surgeons.*

# A Million Dollar Business in Saving Trees

*By Martin L. Davey, General Manager*

**T**HE business of The Davey Tree Expert Company is now running at the rate of one million dollars for 1922. It has taken more than twenty years of steady building to reach this volume. The Davey Company sells nothing but service—the service of carefully selected, highly trained, scientifically educated Tree Surgeons, who save trees without guessing or experiment, when they can be saved. This service is available almost everywhere in the eastern half of the United States. Nearly fifteen thousand clients have been served up to this time, many of them regularly.

Lieut. Colonel Frank K. Hyatt, treasurer of the Pennsylvania Military Academy, in a letter written to The Davey Tree Expert Company, December 2, 1921, said:

"Three of your men are performing tree surgery at the college and while I had only engaged them for two days, their work was of such character that I was compelled to hold them longer. In fact, they will probably be with us four or five days.

"They seem to have thorough knowledge of their work and the foreman in charge is a very unusual man. It gives me pleasure to congratulate you on the character of work which your employees are doing."

This letter is typical of many hundreds of voluntary letters of commendation received by the Davey Company from its clients. They come regularly from every section served by Davey Tree Surgeons. It is significant that nearly every letter emphasizes the high-type men, their apparent skill and ability to do their work with accuracy and thoroughness and speed, but more particularly the fact that they are diligent and zealous workers.

## The evolution of Davey Tree Surgery compared to the automobile

I do not presume to say that every last client is 100% satisfied. That would be too much to expect from a human organization. But more than 95% of the clients are fully pleased with both the work and the service. Nor would I claim that the Davey organization has always been as good as it is today, nor that the methods employed have always been as remarkably good and successful as they are now.

Davey Tree Surgery has been before the public nearly as long as the automobile, and its development has been almost parallel. You will easily recall the automobile of fifteen or twenty years ago. You recall how often it broke down, how many times it was laid up by the roadside?

You remember its imperfect mechanism, its poor lighting, the hard job of cranking? Well, the fundamental principles of the automobile were the same then as now. The wonderful advance has been made in the refinements and the mechanical improvements. Then think of the really marvelous piece of machinery that you buy in the modern automobile!

Just so with Davey Tree Surgery. The fundamental principles were the same fifteen or twenty years ago as today. It was then relatively crude and imperfect. But honest effort and a determined purpose have produced refinements and mechanical improvements and scientific accuracy that are both marvelous and inspiring.

## Only two or three men out of a hundred applicants are finally accepted

However, it is the human element of the Davey organization that I wish to describe. The high-type men, their surprising efficiency, their zeal and skill and knowledge are the result of something back behind. That something is a policy that could produce no other result.

From time to time we need additional men. We run advertisements in the cities within a reasonable distance of our headquarters, giving our specifications. Many replies are received. An information blank is sent to each applicant, in which he must give his life history. If a hundred information blanks are returned, our experience has shown that not more than fifty seem to meet our requirements. The others are cast aside.

We then send our representatives to these cities and notify the fifty to report at a certain hotel for personal interviews. Out of the fifty men thus interviewed, we select not more than five who seem to be the right kind.

## A regular training field where practical training is given to every man

These five are brought in to Kent (Ohio) for practical training, where we maintain a regular training field. These five are put through a thorough course of practical training for several weeks, at the end of which we select not more than two or three as qualified and made of the right stuff.

Thus, out of an original hundred definite applicants, we get not more than two or three. The process of selection, though it is severe, works wonders and gives us unusual men for the very important work which we do.

Those who finally pass are sent out into the field, always under the direction of master Tree

Surgeons. They simply grow into the work and acquire almost intuitive skill.

## A chief expert travels regularly from squad to squad

Then, we have a chief expert who spends all of his time traveling from squad to squad to check up on all the details of the work and the merit of each individual—to see that our high standard is consistently maintained. Occasionally he tells us that a certain man is not our kind and should not be in the Davey organization. That man is promptly dismissed. Very often he tells us that certain men are doing especially fine work and recommends advancement. Such men are promptly advanced.

So the really good men remain with us—and they like their jobs mighty well. Naturally enough, they give superior service.

## Constant supervision by local representatives

In addition to this, a number of squads are under the constant supervision of each local representative, of whom we have nearly thirty whose highest self-interest requires watchful care of the interests of each client, to see that he gets the maximum service.

More than this, we require periodic reports on every man in our field force. Our local representatives give detailed monthly reports on the foremen under their supervision. Each foreman gives a monthly report in great detail concerning each man in his squad. Every bit of information from every source about each individual goes into his personal service record. And every one knows that his service record is complete and strives to keep it good.

## The only place in the world where the science of Tree Surgery is taught

When a man in the field force has reached a proper state of development, he is brought into Kent to attend our resident school. This course covers two years—four months each year. We maintain a regular school with complete library and laboratory equipment and a corps of instructors with fine scientific training from various colleges and universities, plus special training in the Davey organization. There is no other school in the world that teaches Tree Surgery, so we maintain the Davey Institute of Tree Surgery as a matter of practical necessity.

In this school we teach only those things required to make real Tree Surgeons—nothing superfluous or unnecessary. The course includes Botany and Dendrology, Pathology and Entomology, Soils and the Feeding of Trees, Spray-





"Do it right or not at all."—JOHN DAVEY

ing and Fruit-growing, and above all the Theory and Practice of Tree Surgery.

**Every man in the Davey organization is a trained man—Davey trained**

When a man has been with us long enough, has had the necessary amount of complete training, and has demonstrated to us his ability and qualifications, he is entrusted with the handling of operations—then and only then.

Every man in the Davey organization is a trained man—Davey trained. If a man should apply to us for employment and say that he is an expert and understands all phases of the work—recommends himself highly—we say to him, if we should happen to need men, "All right, you may start in at the bottom and show us." Very few of them ever come and we are just as well satisfied. Our experience has shown us that not more than one in ten of these so-called tree men from the outside is the right kind of man. None of them are real experts when they come to us. All of them have many things to unlearn.

**The Davey Research Department does the experimenting—the client's trees are never experimented upon**

In addition to all these other things, we maintain a research department in charge of scientists of practical experience. It is their duty to work out every scientific and practical problem of Tree Surgery, as fast as possible. They have done wonderful work. They gather data from every available source, particularly from the experience of the Davey organization, in addition to original experiments. Every experiment is conducted in Kent by our research department and never on the trees of a client.

For instance, our research department has worked out a list of "forbidden trees," those which experience has demonstrated are not worth complete treatment or do not respond properly to treatment. On these trees our experts are permitted to do only first-aid work.

**A national organization that carries with it an assured protection to tree owners**

There is no other national organization in our field. There are, of course, many local imitators. It is an unfortunate fact that there are mighty few good ones among them. We would be happy if they were all good and well qualified. But who will supervise them? Who will train them? Who will provide the discipline that will hold them to high-quality service? Who will pass judgment on the results of their work?

There are quite a number, who have never had any contact with the Davey organization, who claim falsely that they are Davey men.

There are some, unfortunately, whom we have been obliged to let go for obvious faults, who attempt to capitalize on the prestige of the Davey name, to our detriment and to that of the profession we have built up and have endeavored to honor.

**The unseen things that make quality are only possible because of large volume**

In the Davey organization it is the unseen things (rigid selection of men, practical and thorough training, supervision of chief expert and local representatives, resident school, research department, standardization of methods and organization discipline) that make real quality and lasting merit. On a business of nearly three-quarters of a million dollars in 1920, we spent three times as much on these unseen things which make quality as we made

in profit. In spite of the depression, we did a business of almost six hundred thousand in 1921 and spent four times as much on these hidden things that make quality as our profit amounted to. The business of the Davey Company is now running at the rate of one million dollars for 1922.

Davey methods have been standardized. Davey work is the same in Boston as it is in Chicago, the same in New York as in Kansas City, the same in Montreal as in New Orleans. Davey experts are of uniformly high type, all thoroughly trained, all carefully selected and developed. And best of all is organization discipline that requires and maintains a constant high standard down to the smallest details of work and service.

**A tree-man may fool the public but he cannot fool us**

It has seemed to me that the greatest thing the Davey organization does for its clients, over and above all these other things, is that of relieving the client of all worry and responsibility in the selection of the men who are to treat his priceless trees. A tree-man may fool the public, most of whom know little about trees. But he cannot fool us. A man must be right in every sense of the word or he cannot go very far in the Davey organization.

We, who know Tree Surgery values, select the men to whom this work of very great importance is to be entrusted. We know they are right and worthy of your confidence and our confidence or we would not send them to you. They come to you with our seal of approval.

They carry with them the most priceless possession we have—our reputation. We are as jealous of that reputation as a good woman is of her good name. Business and professional success are merely results. The causes are behind the scenes. And that is the reason for this little story of the Davey organization.

THE DAVEY TREE EXPERT CO., Inc.,  
3706 Elm Street, Kent, Ohio.

Branch offices with telephone connections: New York, Astor Trust Bldg., Fifth Ave. and 42d St.; Boston, Massachusetts Trust Bldg.; Philadelphia, Land Title Bldg.; Baltimore, American Bldg.; Pittsburgh, 331 Fourth Ave.; Buffalo, 110 Franklin St.; Cleveland, Hippodrome Bldg.; Detroit, General Motors Bldg.; Cincinnati, Mercantile Library Bldg.; Chicago, Westminster Bldg.; St. Louis, Central National Bank Bldg.; Kansas City, Scarratt Bldg.; Montreal, 252 Laugachiere, West.

Davey Tree Surgeons are near you—if you live between Boston and Kansas City. They are easily available and handle operations of any size, large or small. Write or wire Kent, Ohio.



JOHN DAVEY

*Father of Tree Surgery*

John Davey gave to the world the science of Tree Surgery. Before the publication of his first book, the original "Tree Doctor," not even the idea of the scientific treatment of trees existed. John Davey created the term "Tree Surgery." Every fundamental principle of it was the product of his genius and love. Every improvement and refinement has been worked out in the organization which he brought into being and inspired. But the greatest contribution which John Davey has made to the world, has been to translate into popular form the fact that the tree is a living, breathing organism.



MARTIN L. DAVEY

*General Manager, who made of a father's dream a business reality and built the Davey organization*

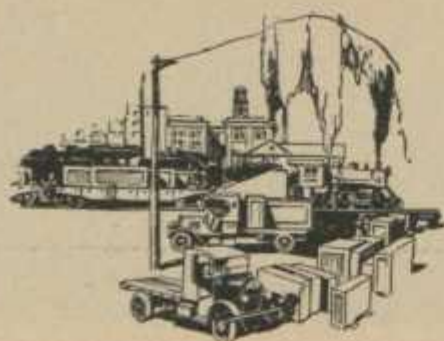
"And yet the tree lives—it breathes. It has a real circulation. The tree digests its food and assimilates it. It has sexual processes that are just as real and beautiful as in any other form of life. It has the power to adapt itself to its environment. To be sure, it lacks intelligence and a nervous system and the power of locomotion. But in all the other elemental processes the tree functions just as truly as man himself."

"This question of reforestation is of monumental importance. America can not continue to exist as a virile, forward-moving Nation unless we protect what we have and start to build up that which we have so ruthlessly destroyed. We can not afford to be a Nation of vandals much longer. America must retreat, or America must drink the bitter drugs of national decline and impotency."—Excerpt from a speech in Congress, March 2, 1921, by Martin L. Davey, of Ohio.

# DAVEY TREE SURGEONS

Every real Davey Tree Surgeon is in the employ of The Davey Tree Expert Co., Inc., and the public is cautioned against those falsely representing themselves. An agreement made with the Davey Company and not with an individual is certain evidence of genuineness. Protect yourself from impostors. If anyone solicits the care of your trees who is not directly in our employ, and claims to be a Davey man, write Headquarters for his record. Save yourself from loss and your trees from harm.





## By saving six weeks in turnover 40% of working capital was released

*How one of the country's large manufacturers demonstrated the importance of eliminating delays in commercial transactions*

ONE year ago, it required twelve weeks for one of the largest manufacturers in the textile industry to assemble raw material, make it into finished product, and get this finished product to the dealers.

Then the red tape was cut, new units of production were established, goods in process were speeded up, unnecessary delays were eliminated all along the line. Today the twelve weeks have been reduced to six. Because of this six weeks' reduction in time, 40% less working capital is needed to run the business. The capital now in use has been made 67% more productive.

The demand of the hour is for reduced costs and larger profits. The same capital must be made to do more work. Wastes and delays—in manufacturing, in selling, in shipments, in collections—these must be eliminated to speed up the turnover of capital.

Pre-eminently commercial for over seventy years, the Irving National Bank has built up many highly specialized departments—all designed to make its customer's dollar more powerful by speeding up commercial transactions.

The Irving's special Bill-of-Lading Department is organized to trace railroad shipments, to locate freight cars on arrival at terminals, to eliminate every sort of delay in releasing capital invested in goods in transit.

Quick, accurate service in collections, in transfer of funds, and in securing credit information abroad, is assured through the Irving's correspondents or special representatives in more than 5,000 foreign cities and through direct cable connections with every trade center in the world.

# IRVING NATIONAL BANK

## NEW YORK



merce has led to the asking of these two questions:

What advantage will the association member have over the non-member, if statistics are made public?

What will happen when Hoover goes?

*Electrical World* thus answers them:

Out of about two thousand trade associations operating today in the United States only seventy to eighty are open-price associations. As Secretary Hoover says, the legality or illegality of all forms of such price comparisons has never been definitely established, but it is clearly not in the public interest for competitors to fix their prices in secret. It is in effect a conspiracy against their customers—the public. It is this practice by the few that has cast suspicion upon all. The trade association can and should be lifted out of this "twilight zone" by the publication of all the cost and production statistics which it gathers. And its membership need not feel aggrieved. For if 1,900 associations find good and profitable work of other kinds to do, surely it will not require a great deal of imagination to find ways to make membership in any group worth while. The real function of such a body is to act as a virtual high school to the smaller business units of its industry. Big companies can take care of themselves, but the small concern needs education in trade practice and aid in the development of the common opportunity. Here is the place for the trade association to render service.

As to what will happen when a new administration installs a new secretary in the Department of Commerce—there is no menace in that. If the trade associations do not like the tone of his voice or the color of his hair, they are quite free to withdraw from the arrangement. Mr. Hoover is not demanding the submission of trade statistics to his department. He is expressing a willingness to act as a clearing house and raise the trade associations above suspicion. If they voluntarily take advantage of this offer, they can likewise voluntarily cut off this relationship with the government whenever they desire.

At the Hoover conference, E. J. Cornish, chairman of the statistical committee of the Paint, Oil and Varnish Association, had some proposals to make which are thus summed up by the *Paint, Oil and Chemical Review*:

The repeal of the Sherman law, which he opposed as he considered it a beneficent law; second, the licensing and regulation of the associations by the government, which he did not support because of its socialistic and inquisitorial tendencies—and finally the cooperation between the government and the associations in the collection and publication of properly authorized statistics available to producers and consumers alike.

*Textile World* in its summing up of the recent meeting with Hoover reports that the open price feature has already been eliminated by certain of the textile associations and sees in the whole agitation a promise of better things to come:

There has always been a diversity of opinion as to the desirability of the open price idea and there are those in the textile trade who have contended all along that the plan was not consistent with good merchandising, though on the other hand there are not a few who have been thoroughly convinced that the development of the idea has been instrumental in eliminating much of the misinformation regarding trade practices which has been at the bottom of ruinous competition and they have, therefore, regarded the open price association as an instrument for good, especially during the reconstruction period after the war.

The feeling seems to be growing, however, that as a branch of trade association activity, too much emphasis has been placed upon the collection and distribution of price statistics



and that these same associations could well devote themselves to other matters that would be of general interest and value to their membership to greater advantage. It may be that the unequivocal stand taken by government departments may be a blessing in disguise, in that it will assure the development of other branches of association work which have long been needed but which have been more or less sidetracked because of the belief in the importance of price information as an essential of association existence.

### Some Points of Attack on the Senate Tariff Bill

THE changes proposed by the Senate Finance Committee in the Fordney Tariff Bill have aroused sharp opposition, notably from the shoe and leather and textile industries, who see in the new measure a complete surrender to the farm bloc.

*Shoe and Leather Reporter* offers this objection to a plan for a specific duty on hides:

The charge frequently made that the United States Senate does not comprehend the hide tariff question any better than the Einstein theory of relativity is well illustrated by the latest change from a 15 per cent ad valorem duty to 2 cents a pound on green salted and 4 cents a pound on dry hides.

In changing from an ad valorem to specific duties the senators jumped out of the frying pan into the fire. They evidently realized the difference in value between green and dry hides, but ignored greater dissimilarity between the various grades of hides whether green or dry.

Chicago packer hides range in price today from 6 to 15¼ cents a pound. Similar and even greater spreads in values may be found in all domestic and foreign markets. A specific duty of 2 cents on a 6-cent pound of hide is tremendously greater than a 2-cent duty on a 16-cent pound of hide. This is not the worst of it, however. The inequality is all at the expense of the wearers of the cheaper grades of shoes.

In fact the *Reporter* sees only one ray of hope:

The only light glimmering in the dark night of tariff folly is that the question is becoming so hopelessly involved and befogged that the entire revenue bill will have to be side-tracked until after the election when it may be possible to draft the schedules in equity instead of ignorant partisanship.

*Hide and Leather* offers somewhat the same argument, but in this form:

Hides have been taken from the free list, where they have been for so many years, in face of virtually unanimous demand for free hides, from the hide, leather and shoe industries. Free hides mean American hide markets always on a basis of international values. If prices are advanced or depressed in America or abroad, free trade in hides restores equilibrium. Here is the case in a nutshell: Free hides have enabled our shoe and leather manufacturers to build great and efficient plants and to ship their products all over the world.

The great shoe and leather industries are to be shackled and handicapped by taxed hides for the purpose of enabling farmers and small butchers to get more money for hides that are inefficiently flayed, carelessly handled, and disposed of in small and mixed lots. It is impossible for the farmers and small butchers to ship carloads of selections wanted by tanners, and this is one reason why farmers cannot get full carload lot market prices for hides.

*Wallace's Farmer*, however, thinks that the duty on hides ought to be 50 per cent higher:

Hides, which have been on the free list since 1909, are again made dutiable at the rate of

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2 cents a pound. With values as they ordinarily prevail, this will mean only about 10 per cent ad valorem. This is too low, and we believe that the agricultural bloc should insist either on a 15 per cent ad valorem or a duty of 3 cents a pound.

The shoe manufacturers and retailers are putting up a bitter fight against the hide tariff, claiming that it will help only the packers, and that it will add 75 cents to the retail cost of each pair of shoes. This is pure propaganda. The increase in hide prices as a result of the tariff will not amount to more than 10 cents on a pair of shoes. Any benefit to the packers as a result of higher hide prices will be passed on in large measure to the farmers, for it is a matter of record that the packers in buying cattle take into account not only the meat value but also the by-product and hide value.

In fact, says this farm paper, which belongs to the family of the present Secretary of Agriculture:

Everything considered, the farmers should be fairly well satisfied with the Senate bill. They have more nearly secured a square deal under it than any other tariff which has ever been presented to Congress.

Textile World agrees that the farmer ought to be satisfied, for it considers the Senate bill "an almost complete surrender to the farm bloc." It adds:

The influence of the farm bloc is reflected in the textile schedules by the transfer of flax and hemp to the dutiable list, by the imposition for the first time on record in a permanent tariff bill of a duty on raw cotton, and by raw wool duties that are the highest, and the most impractical and indefensible on record.

It is true that fairly adequate compensatory duties have been provided for the manufacturers of these raw materials, but the burden placed upon consumers is a heavy one and the net benefits to domestic growers of these raw materials is decidedly problematical, to say the least.

By its abandonment of the American valuation system for the foreign valuation basis of levying ad valorem duties, the Senate Finance Committee has introduced a preferential tariff in favor of Germany and other central European countries whose currencies are seriously depreciated.

Examining the new bill from the standpoint of the chemical and drug industries, *Oil, Paint and Drug Reporter* regards it as setting "a new record for protective endeavor." It adds:

No doubt this fact will add to the vigor with which the measure will be opposed. Taking into consideration also the differences between the House and the Senate measures, the logical conclusion is that the bill will be a long time in the finishing stages.

Its effects are already apparent in several directions, for stocks of various commodities are being accumulated against the day of the new and high duty imposts. Tariff making has developed a number of new phases since the pending bill was originally introduced, and not all of them are reflected in the latest form of the measure. The outcome of the further deliberations is, therefore, likely to remain long in doubt.

The rates on drugs and chemicals are, in the opinion of *Drug & Chemical Markets*, none too high "to protect the industry here from the assault of foreign producers," nor does it see much hope even in present rates without the American valuation plan in effect:

To those free-traders who throw their arms aloft in mock horror at the "terrible" rates which the Senate Committee wishes to "saddle" on the American people, let it be said that the temporary elimination of the American valuation

## BUSINESS STUDIES

A number of pamphlets are available for distribution to the Chamber of Commerce of the United States. There is given below a list of some of the booklets. One copy of each will be sent free on request. A nominal charge amounting to the cost of printing will be placed on additional copies.

**Our World Trade**—January to September, 1921.  
**Free Zones—What They Are and How They Will Benefit American Trade.**  
**What a "Cost System" Should Do For You.**  
**International Credits**—Reformulation No. 1, issued by the International Chamber of Commerce on the application of the Tariff Commission.  
**Fabricated Production Department**—Its service in those engaged in manufacturing and production.  
**The Railroad Situation**—Statement of Secretary of Commerce before the Interstate Commerce Commission.  
**Means for Presenting Public Interest in Transportation**—Report of Railroad Committee of the Chamber of Commerce of the United States.  
**Trade Association Activities**—Correspondence between Secretary of Commerce, Hoover, and Attorney General Daugherty on Legitimate Activities of Trade Associations.  
**Overhead Expenses**—A Treatise on How to Distribute Them in Good and Bad Times.  
**Depreciation**—A Treatment on Depreciation and Production.  
**Reduction of Merchandising Expense**—Methods which Distributors Are Applying to Ease the Process of Readjustment.  
**Promoting Foreign Trade**—Foreign Trade Work of Commercial Organizations.  
**European Problems Affecting American Business**—Report by a Special Committee on Economic Conditions in Europe.  
**Railroad Questions Before Congress**—Testimony of Railroad Security Officers.  
**How You Should Vote on a Referendum.**

**Why You Should Vote on a Referendum.**  
**Agricultural Bureaus and Committees.**  
**Building and Maintaining a Local Chamber of Commerce.**  
**Retail Trade Extension**—Activities undertaken by Chambers of Commerce.  
**Industrial Development**—Activities undertaken by Chambers of Commerce.  
**German Competition**—Movement of trade as indicated by official statistics.  
**National Chamber's Civic Work**—Purpose of the Civic Development Department.  
**Perpetual Inventory or Stores Control**—How to keep investment in materials and supplies down to the minimum consistent with efficient operation.  
**National Obligations to Veterans**—The costs of war borne by the States and the government.  
**Treaty Ratification**—Report of the Committee on Foreign Affairs regarding ratification of the several treaties of the Conference on the Limitation of Armament.  
**Department of Commerce and Trade Associations.**  
**Conference of Representatives of Trade Associations With Secretary of Commerce.**  
**Merchandise Turnover and Stock Control**—Knowing what is taking place, while it is taking place. Study by Domestic Distribution Department.  
**Analysis of the Senate Tariff Bill**—Showing wherein it meets or fails to meet the tariff policy of the Chamber of Commerce of the United States.  
**Coal Situation**—as of April 22.



tion plan comes mighty close to making the whole chemical ad valorem schedule a huge joke.

European calculation will very effectively reduce the protection originally intended by the House, while in addition the numerous rates which have been cut fully offset any advances by the Senate. Too well known is the connivance of European shippers in placing an artificially low value on goods sent to America. With foreign valuation, unless it be a genuine valuation, which is well nigh impossible to obtain, ad valorem duties, no matter how great, cannot be effective.

### The Winsted Label Decision May Have Wide Effect

THE decision of the Supreme Court of the United States, upholding the Federal Trade Commission in ruling that the Winsted Hosiery Company might not label goods which were not all wool as "merino," "wool," or "worsted," has aroused not only the textile but other lines. *Textile World* accepts the ruling as beneficial and explains:

As a matter of fact, as far back as 1919 a committee of underwear men took up the subject of labeling of underwear in view of the complaint of the Federal Trade Commission against the Winsted Company. At that time these manufacturers drew up a list of terms under which the words "wool" or "all wool" should be applied only to garments actually made entirely of wool. They also defined other terms which could, in all honesty, be applied to individual underwear products in a way which would leave no doubt in the minds of the consumer as to the component materials used.

This move on the part of the trade was a forward-looking action designed to eliminate any imputation of attempts to deceive the public which might attach to manufacturers, and it would appear that their activity in this direction has been justified by the legal decision just rendered. It is specifically denied by those who have been interested in the matter that the issue had been made a test case by the Winsted Company in behalf of other knit goods manufacturers, and it is pointed out that there was a general adherence to the policy of complete publicity in the labeling of their products by the great majority of the trade and complete accord by all members of the committee which had this matter in charge.

It is realized that the decision of the Supreme Court may mean hardships for manufacturers who have long-established methods of distribution and well-established labels that may have to be altered, but if the textile industry is to gain from the decision in the eyes of the public a reputation for dealing fairly and cooperating fully in the development of business ethics, the pronouncement of the court may have accomplished decidedly gratifying results.

Of the possible effect of the ruling on other industries *Price Current—Grain Reporter* says:

One immediate effect of the decision, over and above the obvious and direct one, is the extension it gives to the authority of the Trade Commission over trade practices. The U. S. Circuit Court of Appeals, to which the cause was originally taken, had ruled that the order of the commission to the Winsted Company to "cease and desist" was "not within the province of the commission"; but the Supreme Court says that the commission having established the fact that the labels were deceptive, it is "authorized to order that their use be discontinued."

"Misbranding" in our trades has thus far come under the purview of the Bureau of Chemistry only. Does this Winsted decision, then, throw the industries in which our readers are interested within the jurisdiction of the Federal Trade Commission also? It would

## Are Your dealers selling the other fellow's goods?



Have you suffered the shock of finding your goods sound asleep in retail stores you had counted yours?

HAVE you ever found "your" dealers actively and aggressively pushing a competitor's line?

That's a common state of affairs, but one often not suspected by manufacturers who have wide distribution.

It's a situation covered briefly in a book entitled *Promoting Sales*, that we

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In addition to the Sales and Advertising Managers of your company, there are others who probably will be interested.

We will gladly send copies to each of them at your suggestion.



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A large Insurance Company by reason of certain changes in their Accounting Departments has for disposal a number of Moon-Hopkins Billing Machines. These machines are all in first-class condition, equipped with several "Total Accumulators" and are comparatively new. Anyone interested may secure one or more at a most attractive price.

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### Another Hockenbury Success!



The New Hotel,  
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W. L. Stoddard,  
Architect, N. Y.

## Financing Community Built Hotels

Here is a typical example of how an under-hoteled city overcame its handicaps.

A group of representative citizens of Johnson City, Tennessee, undertook the financing of the above pictured hotel, under the direction and guidance of The Hockenbury System Incorporated.

In one week's time the stock was over-subscribed, and today their city's new Hotel is nearing completion.

The plan followed out by Johnson City and numerous other cities throughout the United States is more fully told in the booklet, "Financing Your City's New Hotel," a copy of which will be mailed upon request.

**The Hockenbury System Inc.**  
Penn-Harris Trust Bldg.-Harrisburg, Penna.

seem so. There can hardly be exceptions made. The reasoning is this: "The honest manufacturer's business may suffer, not merely through a competitor's deceiving his customer, the retailer, but also through the competitor's putting into the hands of the retailer an unlawful instrument which enables the retailer to increase his own sales of the dishonest goods, thereby lessening the market for the honest product. That a person is a wrongdoer who so furnishes another with the means of consummating a fraud has long been a part of the law of unfair competition. And trade marks which deceive the public are denied protection, although members of the trade are not misled thereby."

As in the *Winsted Case*, the Court says, "a substantial part of the public was misled by the use of the labels employed, the public had an interest in stopping the practice as wrongful; and since the business of trade rivals who marked their goods truthfully was necessarily affected by that practice, the commission was justified in its conclusion that the practice constituted an unfair method of competition; and it was authorized to order that the practice be discontinued."

*Modern Miller* also sounds a note of warning to the flour men:

Under this decision it would appear that descriptive matter in labels must be in every way a description of the products. This question has been up before, at various times, in connection with brands denoted "spring wheat flour," "hard winter," "soft wheat flour," etc., and some mills met the issue by brands without any descriptive term.

### Again that Family of Five and What it Must Earn

**R**AILWAY AGE, in a recent issue, takes up the address of B. M. Jewell of the railway shop crafts at the wage hearing before the Labor Board at Chicago, and succeeds in reducing it to absurdity.

Mr. Jewell, as the *Age* quotes him, said that "the average family of five needed to maintain it, according to a healthful standard of living, \$2,637 a year." On this basis, he said, "the railroad mechanics must earn 40 per cent more than they are now being paid by the railroads."

Taking its pencil in hand the *Age* figures:

On this theory each railway employee of every class should be paid an average of \$2,637. There are at present about 1,700,000 railway employees. An average wage of \$2,637 for all would make the railway payroll over four billion, five hundred million dollars a year, or about one billion, seven hundred million dollars more than in 1921. If the railways had had this payroll in 1921, and all other expenses had been the same, their expenses and taxes would have exceeded their earnings by about one billion dollars—they would not have had a cent for fixed charges. Under normal business conditions the railways have about two million employees. The average wage advocated by Mr. Jewell would make the normal payroll about five billion, two hundred seventy-five million dollars, or almost equal to their total earnings in 1921.

Applying this to the whole United States, the editor says:

We should be most glad to see every worker in the United States receive even more than the wage Mr. Jewell mentions. But the industry of the country cannot meet the payroll that would result without a vast increase of production. The statistics of the census show that there are about forty-two million persons "gainfully employed" in this country. To provide them the average income, Mr. Jewell suggests, would require an annual production of one hundred and eleven billion dollars.

(Continued on page 52)



## How do you buy your fire insurance?

When it comes time to look into the matter of a policy renewal or the insurance of a new plant, how do you go about it?

Do you use the same methods as the purchasing agent who is always seeking the best value for the money expended?

If you do, you will find it worth while to investigate the facilities offered by a policy in the Hartford Fire Insurance Company, and to look into the Fire Prevention Service that is featured by that Company alone.

*Even if you are not a Hartford policyholder, we shall be glad to show you by examples how this Fire Prevention idea may be made practical. Write on your regular letterhead to:*

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The most complete and authoritative investigation of the production and income of the people of the United States ever made is that recently conducted under the auspices of the National Bureau of Economic Research, the results of which have been published in a book entitled "The Income in the United States." This shows that the total production of our people reached its maximum in 1919 when it was sixty-six billion dollars. This was measured in the high prices prevalent at that time. Equated on the basis of the prices of 1913, the production and income of the country reached their maximum in 1917 when they were forty-one billion dollars. Therefore, on the basis of the prices of 1919, Mr. Jewell proposes a payroll for industry exceeding, by forty-five billion dollars, the largest total production ever attained, and on the basis of the prices of 1913 a payroll exceeding by seventy billion dollars, or 170 per cent, the largest production ever attained.

**John M. Keynes's Plans  
for Europe's Money Systems**

WRITING in the *Manchester Guardian* on the eve of the Genoa Conference, John Maynard Keynes, author of "The Economic Consequences of the Peace," gave Europe some advice on what should be done to stabilize her exchanges. Mr. Keynes premises that no other solution is practicable than a "gold standard in as many countries as possible," but, he says, one difficulty has been a confusion as to the actual problem to be tackled. As he explains:

For in fact the problem of stabilizing is hopelessly entangled in the minds of almost everyone with a different problem—namely, the problem, not of fixing the relative value of different moneys, but of raising the absolute value of the particular national money in which each country is interested. This is the problem of improving or appreciating the exchanges (from the point of view of the particular country), or, as it is now often called, the problem of deflation.

Not only is the aim of improving an exchange distinct from that of stabilizing it, but it is an opposed idea. If the dollar is worth 200 marks, or the pound is worth four dollars, the project of raising the value of the mark so that no more than 100 go to the dollar, or of raising the value of the pound so that it may be worth nearly five dollars, so far from fixing the exchanges, means a deliberate policy of altering them. Those who aim at improving the exchanges no doubt intend to stabilize them afterwards—that is to say, when the desired level of value has been attained. But, so long as the process of improving an exchange continues, it is mere confusion to speak of it as one of stabilizing.

At present there is not a single European country in which the authorities have made it clear whether their policy is to improve the value of their currency or to stabilize it. It will be difficult to make progress until the two problems have been separated. At present stabilization is the popular cry—that is to say, the word on the lips of prime ministers and journalists. But, to judge from other indications, this is not at all what the governors of the state banks of Europe are taking as their ideal; their policy, whether they follow it successfully or unsuccessfully, is to improve their exchanges.

Mr. Keynes holds that it is more important to "fix the exchanges than to improve them." After reviewing the arguments for deflation and those for stabilization he then presents these as his conclusions:

Some such resolutions as the following ought therefore to be brought before the Genoa Conference in order to clear the way:

1. Those countries of which the legal tender money has a gold value depreciated by more



than 20 per cent below its value in 1914 are advised not to attempt a restoration of their currencies to the pre-war gold value.

2. It is desirable that all currencies should become exchangeable against gold at a fixed rate as soon as possible, and with this object in view the rates at which their new gold values are fixed should be chosen on the basis of what it appears practicable to maintain with reasonable certainty in the near future.

3. The next general point to consider is the use of gold in actual circulation. It is essential to prohibit this, since Europe will need all her gold as a reserve against exchange fluctuations, and cannot afford to see any of it uselessly dissipated in the pockets or boards of the public. This should form the subject of a third general resolution, to the effect that the Powers agree that, while their banks will issue legal tender money against the delivery of gold, they will not mint actual gold coins or allow them to circulate as a legal tender. Whilst gold should be available on demand in exchange for notes at a fixed ratio, such gold should be intended for export only and for the settlement of international debts; and, to encourage this, notes might be made exchangeable for gold (in the form of bars or foreign coin) only in amounts of, say, £50,000 or more.

## Log of Organized Business

**A**NNOUNCEMENT was made recently by the American Section of the International Chamber of Commerce of the appointment of Basil Miles, who was secretary of the American delegation to the Limitation of Armament Conference, to be the American Administrative Commissioner at the headquarters of the International Chamber at Paris. Mr. Miles succeeds Frederick P. Keppel, who has resigned to become connected with the Russell Sage Foundation.

Mr. Miles' experience in the diplomatic service fits him for the work he is about to take up. Last July, only a short time after he had arrived in America from a trip around the world, he was drafted into the service of the State Department and given the task of setting the stage for the Disarmament Conference.

When the conference started November 12, Mr. Miles became secretary to the American delegation. He also was assistant to John Garrett, the Secretary General of the conference, and in that capacity handled the machinery of the plenary sessions.

After graduating from St. Mark's School and the University of Pennsylvania, Mr. Miles went to Balliol College, Oxford, where he studied the economic results of the American Revolution. From there he went directly to St. Petersburg in 1905, to be an attaché at the American embassy under Ambassador George Meyer. Later he was made third secretary of the embassy and soon after was sent to take the same position in Berlin under Ambassador Charlemagne Tower.

Mr. Miles was then transferred to be second secretary of the embassy in Mexico, but before proceeding he was called to Washington by the Post Office Department and given the position of supervisor of foreign mails. While in this office he was instrumental in reorganizing the parcel post service and played an important part on the committee that wrote the first postal savings regulations under Postmaster General Hitchcock. After that he served for two years with the National Chamber of Commerce.

In 1916 he again entered the diplomatic service and was sent to Russia to take charge of the German and Austrian prisoners of war.

(Continued on page 54)



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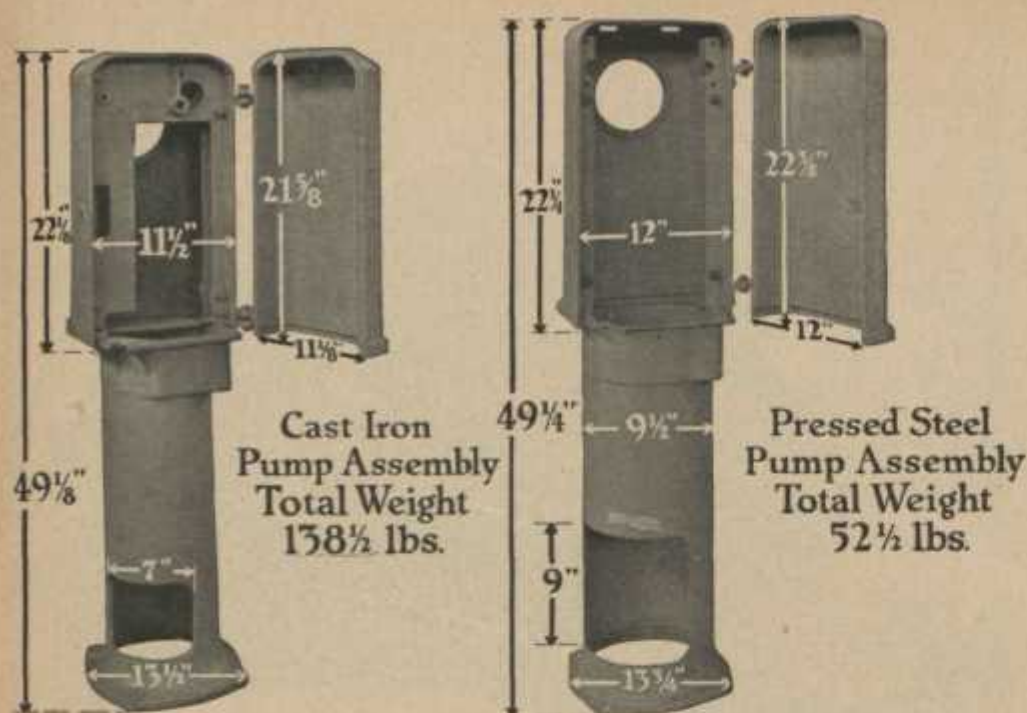
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Compare the figures—52.5 pounds of pressed steel as against 138.5 pounds of castings previously required—and the pressed steel assembly capable of more upstanding service. Then consider the castings you are using and the saving in material costs pressed

steel might make for you. Our Engineering Department is prepared to work with you in redeveloping castings into pressed steel if you will send us a sample or blue print and brief description of the purpose of any cast part you are now using.

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When America entered the war, his work being over, Mr. Miles made a trip to Siberia to report on conditions there, but returned to Petrograd again to become secretary of the Root Commission. On returning Mr. Miles was commissioned by the State Department to form a division of Russian Affairs, of which he was made chief.

### International Meeting in Rome

THE next general meeting of the International Chamber of Commerce will be held in Rome, Italy, the week of March 19, 1923, according to cable advices received by the American Section of the International Chamber.

In arriving at this decision the Board of Directors of the International Chamber, which just met in Paris, was influenced to a great extent by the possibilities of the Genoa Conference.

The International Chamber of Commerce has already expressed itself both at its Paris and London meetings on problems which are now before this conference. It has made recommendations relating to the limitation of armaments, balancing of budgets, restriction of further issues of paper currency, problems of exchange, organization of public and private credits, the ter Meulen plan, facilities for import and export commerce, problems of tariff, German reparations, inter-allied debts, protection of private property, treatment of foreign banks and of foreigners as to taxation, technical aid to industrial organizations, reconstruction of devastated areas, and the problem of transportation and communications generally, all of which the European governments are now taking up definitely in the conference at Genoa.

These recommendations made to the various governments and emphasized by the International Chamber during the past two years have already been productive of results. The International Chamber hopes that further results will be brought about through the Genoa Conference. It is, therefore, deemed advisable to await the conclusions of the conference before planning for the next meeting of the International Chamber.

The Executive Committee of the International Chamber meets in Paris on May 26 and will be followed by a meeting of the Board of Directors on July 10. At that time it is expected that the results of the Genoa Conference will be fairly definite, and plans will be made for the general meeting.

### Standardized Trade Terms

A PREFERRED list of trade terms commonly used in the business world will soon be issued by the Trade Terms Committee of the International Chamber of Commerce, according to information just received by the American Section of that organization. The United States is represented on the committee by Percy H. Jennings, president, American Trading Company, New York; R. H. Cabell, Jr., managing director, Armour and Company, Paris; C. D. Snow, manager, Foreign Commerce Department, Chamber of Commerce of the United States.

The American Section of the International Chamber says:

For many years the business men of all countries have been caused a great deal of inconvenience and in many cases financial loss by the various interpretations given to the terms or abbreviations used in shipping and quotations on overseas transactions. Disputes which have arisen from these different meanings have led to many disastrous misunderstandings between various nationals.

The more commonly used terms involved



in international trade are: F. O. B., F. A. S., C. I. F., C. & F., L. C. L., F. O. R., F. O. T. Probably the best known and most used of all these is F. O. B., which by virtue of long tradition means, in England, "free on board vessel." To indicate the same meaning, in the United States, the word "vessel" is added and in this latter interpretation other member countries of the International Chamber concur.

The paramount importance of a mutual understanding of such terms as this is evidenced by a case recently decided in which an Australian had purchased certain goods F. O. B. from an American firm. The latter charged transshipment expenses, and others over and above the price agreed upon; the Australian, considering that he had bought the goods to be delivered free on board vessel, refused to pay the additional expense until forced by the courts to do so. The foregoing is but one of many cases that could be cited, in which, despite the *bona fides* of international traders, disagreements have arisen through different interpretations of terms in universal use.

The International Chamber of Commerce, at its first meeting in 1920, undertook the difficult task of standardizing trade terms for use among its member countries. After much constructive work by its committee, the International Chamber, at its annual meeting last June, gave still greater impetus to this work. This Congress, in which participated over 1,200 business men representing practically every important commercial country in the world, considered the standardization of trade terms of great importance and as a result of this interest splendid results have been achieved to date.

A brochure of definitions of trade terms, adopted at a conference held in this country in December, 1919, under the auspices of the National Foreign Trade Council, with the assistance of the Chamber of Commerce of the United States; National Association of Manufacturers; American Manufacturers Export Association; Philadelphia Commercial Museum; American Exporters and Importers' Association; Chamber of Commerce of the State of New York; New York Produce Exchange; and the New York Merchants' Association, is America's declaration of her understanding of the meaning of the various terms.

Similar statements of their interpretations have been prepared by other countries and a special subcommittee of the International Chamber has been appointed to prepare standard definitions to be agreed upon by all members. It is to be noted that the majority of these are in agreement with the definitions contained in the American brochure. The International Chamber will make clear the accepted meanings of the terms in each country and will set up a preferred list of definitions most commonly accepted, leading to universal understanding on this important matter.

### International Arbitration

**R**ULES for international commercial arbitration to settle disputes arising between business men of different countries have just been approved in principle by the Council of the International Chamber of Commerce.

In making this announcement the American Section of the International Chamber points out that commercial disputes will be settled more effectively and with less delay and expense under the rules than by litigation in courts of foreign countries. The statement of the American Section says:

The rules deal with the subject in three phases: conciliation, as distinct from arbitration; arbitration between business men of countries in which there are no statutory provisions for the enforcement of awards; and arbitration, where local legislation enforces awards. Cases under the first are to be dealt with by the Administrative Commissioners who



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The National Bank of Commerce in New York believes that the beginning of a new business cycle is near at hand. It is impressed with the necessity of economic business practices if the foundation of enduring prosperity is to be created. It believes that the soundest individual credit is that into which enters the recognition of these broad general principles.

## National Bank of Commerce in New York

Capital and Surplus Fifty Million Dollars



represent the different countries in the International Chamber at Paris. Those coming under the other two classifications will be settled by arbitrators selected by the International Chamber from a list of men especially qualified in different branches of industry, commerce and finance.

Enforcement in the first two classes will be by moral suasion brought to bear through national commercial organizations in the various countries. Awards in the last class will be made effective by law.

The need for international commercial arbitration has been realized by the business world for many years. The practical utility of such arbitration has been demonstrated by the successful operation of the agreements between the Chamber of Commerce of the United States and the commercial organizations of Latin American countries. This principle will be extended by the International Chamber to the leading commercial nations of the world.

### Foreign Affairs Committee

THE Board of Directors recently authorized the creation of a Committee on Foreign Affairs.

The National Chamber has not only a Committee, but a Department on Foreign Commerce, so that the function of this new committee is not primarily to deal with trade relations, except in their largest phases, but has mainly to deal with questions of friendly and sound relations between countries and the base of establishing such relations. Commercial treaties, the policy of the United States in reference to the protection of American interests abroad, concessions, and international debts, illustrate the type of subjects this committee is expected to handle.

### Navy Personnel

JOSEPH H. DEFREES, president of the National Chamber of Commerce, recently sent copies of the following letter to the members of the House of Representatives, and a similar letter to the President, the Secretary of the Navy, and other members of the Cabinet:

At a meeting of the Board of Directors of the Chamber of Commerce of the United States held in Washington, April 11 and 12, 1922, the action of the Committee on Appropriations of the House of Representatives in reporting a bill limiting the personnel of the Navy to 67,000 men came up as an emergency matter of great importance to the country. A special committee was accordingly appointed, composed of members of the board representing different lines of business activity and the different sections of the country, to make an immediate study of the situation and to report to the board before its adjournment.

The committee carefully examined the statements put forward by the Secretary of the Navy in behalf of a larger personnel, the report of the Appropriations Committee and the utterances of the President of the United States and reported to the board the following resolution:

*Resolved*, That the Committee of the Board of Directors of the Chamber of Commerce of the United States hereby approves and supports the conclusions reached by the Disarmament Conference and later embodied in the Four Power Naval Treaty which has been ratified by the United States Senate; that the intent of said Treaty be carried out to the letter and that, as bearing on the needs of the Navy with respect to its personnel, this committee supports unqualifiedly the recommendations of the Commander-in-Chief of the Army and Navy, the President of the United States.

The board unanimously directed that this report be transmitted to the members of the House of Representatives. We are accordingly calling this resolution to your attention and trust that it will receive your careful consideration.

(Continued on page 57)



### Fighting Bad School Buildings

**B**USINESS organizations are cooperating with the Civic Development Department of the National Chamber of Commerce in a nation-wide survey which will answer the question: "Are our school buildings helping or hindering the effort to give our children the best possible start in life?"

The National Chamber recently sent to local chambers a pamphlet called, "The Schools of Your City, Buildings and Equipment," and a tabulation sheet for the use of those who examined the school plants. This pamphlet is being used as a guide by members of chambers of commerce in learning the facts as to the schools in which the children of their community receive the training designed to make them more effective workers and citizens. It demonstrates what standards may be taken as typically American by presenting the best thought of experts.

The pamphlet asks some questions which every parent and taxpayer should find of vital interest. Nearly every American city has some school buildings of which it is proud, but the question is: Are there any schools in your city of which you should be ashamed? Were the school sites in your city chosen for the convenience and safety of the children and with an eye to the probable future trend of population, or was a piece of cheap land or the desire to make the school building a "show" place the deciding factor? Were walking distances, railroad crossings, main thoroughfares, uses of adjacent property, given proper consideration in locating the school? Do we compel our children to attend school in buildings where improper lighting ruins the eyes, wrong seating twists the backs, and poor sanitation promotes disease? Are the children herded in fire traps? Are they crowded into the streets for their playtimes?

The chambers of commerce of some sixty cities have already sent in their findings as to their school buildings. These cities cover twenty-seven states and range in population from 1,000 to 315,000. The total number of school buildings examined is more than 700. Some of these buildings have been in use since 1840; others have just been completed. In many of the cities there are numerous school buildings to which the citizens may point with pride because of the fine arrangement of rooms, lighting, ventilation, heating, water supply and fire protection, but in every city there are some schools in which the children are not getting a fair chance. For instance, in 23 of the schools examined all the rooms have insufficient light, and in addition there are 442 rooms in various schools where the lighting is poor. In 46 of these rooms the children must face the light. The ventilation of 136 schools is reported unsatisfactory. The heater rooms in more than half of the schools are not fire proof. The heater is located under the stairways in 65 schools. In 35 schools the doors do not swing out. Three hundred and thirty-two schools do not have the stairways inclosed in fire resistive material. Scores of toilets are reported to be without adequate ventilation and light. It does no good to the child who attends a school with poor light and ventilation and inadequate play space to know that more favored children in another part of the city have proper equipment. The adequacy of the schools in a community is judged in the survey not by the one fine building but by the average of all.

With the season of new building and repairs coming on, the statement made at the close of the pamphlet, "The Schools of Your City," is most timely, "the time to correct



### THE FIREPROOF BUILDING

Buildings are often incorrectly termed "Absolutely Fireproof." Many of them are, many more are not. They are of fireproof construction, but wooden doors and trim are used. In the event of a fire, there would be nothing at the door openings to stop its progress. The wooden doors would add fuel to the flames.

Dahlstrom Hollow Metal Doors in the openings would stop the fire. There is nothing in them to burn.

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We announce an advanced development in our plan of operation, as a result of years of careful study of industrial tendencies, and past methods, practice and philosophy.

We propose to specialize in analytical and consulting work, as staff advisors.

Our long experience in the management field has equipped our firm members and associates to serve industry in a personal way through the medium of the following services:

**Examinations**—Including assays, surveys, investigations, management appraisals and reports for managers, banks, receivers and stockholders, made from an impartial viewpoint covering profit-making possibilities and programs of betterments.

**Counsel**—Including regular weekly or monthly visits for a given period on a retained basis for purposes of consultation and assistance in the solution of management problems arising in the meantime, or a specialized counsel available for short periods to cover specific problems.

**Staff Supervision**—Including counsel and general direction of individuals already in the client's organization working on industrial betterments, or of individuals to be secured through our assistance and placed in the client's organization to carry out a betterment program as devised by us.

Installation work we will do, as conditions warrant, at the suggestion and under the control of the client, as arranged for on the basis of a most careful determination of what should be done and the time required. The cost of this will be less than is usually the case.

Have your Secretary write for our Blue Book No. 3, which fully describes the branches covered by these services. If you also advise us which service you are interested in, we will include a brief outline giving more detailed information.

### "Organized Personal Service"

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52 Vanderbilt Ave., New York

faults in the school plant in your city is now! The destructive fire, the deadly epidemic may not wait upon the convenience of those who are responsible for the welfare of the children. Injured eyesight, twisted backs, cramped lungs are the results of our neglect. The school children of today fill the ranks of business and industry tomorrow. Are you making it possible for them to succeed in the struggle of life?"

### Seek Business Facts

IN AN address before the Mercantile Bureau of the Chamber of Commerce of Worcester, Mass., Alvin E. Dodd, manager of the Domestic Distribution Department of the Chamber of Commerce of the United States, said that business men are putting forth greater effort to overcome the inevitable waste which accompanies irregularities in distribution.

Every mail which reaches my office (he said) seems to prove this desire on the part of business men. A western merchant tailor writes asking for the average cost of conducting the elements of a merchant tailoring business. A department store asks for the usual turnover in its different departments—45 in this instance. A fruit dealer asks the relative profits in stores selling fruits only, compared with those selling also fresh vegetables. An advertising agency wants to know the mark-up applied to washing powders in five and ten-cent chain stores.

The fact that these inquiries are received proves the mounting desire for information born of a newly acquired suspicion that distributors are living in a state of ignorance as to their own affairs. In other words, they are beginning to ask the experience of others in order to compare them with their own which leads to the discovery that the others are not

much better and may be even less informed concerning the facts of their own business.

All have heard the charges of retail profiteering. I know from the investigations of my department that there is nothing of the sort in a general sense and that specific instances are so rare as to be of no real significance. When the most offensive of these charges was given official approval by a member of the President's Cabinet, my department made an exhaustive investigation which proved indubitably, and to the most prejudiced mind, that all prices always have followed and always do follow and always will follow the economic law.

We discovered that the prices of raw materials, wholesale prices and retail prices, in past years went upward on lines nearly parallel and that following the rise to the highest point they fell in just about the same relation.

There seems to be a vigorous growth in the belief that price readjustments should be by means of the stairway, step by step, rather than by jumping out of the top story window or down the elevator shaft. Humpty-Dumpty's experience, although it happened long ago, remains vivid in our memories, and other commodities, while less fragile than eggs, still obey the law of falling bodies—the longer the drop, the bigger the smash.

### Boston Chamber's Building

THE new building of the Boston Chamber of Commerce, which is expected to be finished by October of next year, will be one of the most complete of its kind in the country. It is to have many novel features.

A Boston business man, or a man in business in any other city, who comes to Boston on a night train, arriving here in the morning, can go to the building, have a bath, have his clothes pressed, be shaved, get breakfast, and then use for business purposes, if he so desires, one of the rooms in the Chamber's

quarters on the eleventh floor, where he can have stenographic services, telephone and telegraph services and such things as a business man requires.

The new building will provide ten floors of rental space; the two upper floors are reserved for the use of the Chamber itself. Its cost, including the purchase price of the site and the cost of razing the old buildings, may amount to \$5,000,000 or even \$6,000,000.

The first floor will be divided into banking and store spaces. In the basement there will be shower baths and dressing rooms for the members and a barber shop and cafeteria. These facilities, together with private dining rooms on the eleventh floor, which may be used also as conference rooms, will provide the best kind of accommodation to meet the needs of a business man.

### Export Associations and Anti-Trust Law

EXPORT TRADE ASSOCIATIONS organized under the Webb-Pomerene Act of 1918 now represent something like a thousand plants and in 1920 exported merchandise valued at \$221,000,000.

These associations get the benefit of exemption from anti-trust legislation otherwise applicable to their activities only in so far as an association has been formed solely to engage in export trade and is actually conducted for that purpose. What constitutes export trade is generally clear, but there have been some doubts about specific acts technically being within the meaning of "export trade." There has come to be a question in some people's minds, for example, whether or not one of these associations may sell its goods to an exporter here or must always take its goods out of the country and sell them in such a way that the legal title passes in a foreign country.

On this kind of question there may in due course be some enlightenment; for on May 3 the Federal Trade Commission required one of the associations operating under the Webb-Pomerene law to appear before it and present its arguments upon certain questions, including the point whether or not it can be properly said to be engaged solely in export trade. In this case there may be a number of other questions, such as whether or not it is unfair for such an association to cut prices as against an American competitor, and whether or not such an association may form agreements with organizations existing in foreign countries.

According to the Webb-Pomerene Act, the commission may advise an association to change its methods in such a way as to avoid illegality. The association which has now been summoned to appear, upon learning that the commission intended to proceed by filing its formal complaint, brought suit in the courts to compel the commission to give its advice. This suit the court dismissed, apparently on the ground that the commission had authority to proceed by complaint rather than by giving advice and that the law itself gives a later day in court for a defendant who does not like the commission's conclusions.

The proceeding begun by the commission is under the provision of the Trade Commission Act respecting unfair competition, which is expressly stated in the Export Trade Act to extend to associations engaged in export trade. At the same time the commission raises the question whether or not this particular association is engaged solely in export trade in such a way as to obtain the benefits of the Export Trade Act. This question is



going to turn, apparently, upon the method of operation used. The commission says that sales were to export merchants located at American ports, and the lumber was delivered to them at American ports. There seems to be no question that the lumber was actually exported. The point apparently in issue is whether an association using such a form of transaction can technically be said to be engaged solely in export trade or is making domestic sales which later are followed by foreign sales on the part of someone else who is engaged in export trade.

The case may bring up another question, and that is whether an export association must itself take title to the goods that are going abroad, or the member manufacturing the particular merchandise may, in accordance with an order received through the association, ship directly and deal with the foreign buyer.

So far as the commission may answer these questions in the negative, the case will probably be carried to the courts. There are other matters involved in the case, but they are of minor interest compared with the methods of procedure which export associations may use.

## Recent Cases Before the Trade Commission

ELSEWHERE in this issue is outlined the decision of the United States Supreme Court upholding the Federal Trade Commission in the Winsted Hosiery Case, one of the most important of recent rulings affecting that body.

The cases passed on by the commission which led to orders to "cease and desist" were few and had to do with "passing off of name and goods" and false advertising. In the former category is a case against a manufacturer of hair dye who is notified not to use the words "Oreal" or "La Plante Merveilleuse" or "New French Discovery" in such a way as to lead the public to confuse his products with that of a French competitor. A like order goes out against a user of the word "Hygrade" to the alleged detriment of a corporation which had made use of the same name for some years prior to the formation of the company against which complaint was made.

A middle west soap company was accused to selling soaps under such names as "Olive Cream Castile," "Cucumber Cream," "Almond Cream," "Hot Springs Mineral," although the soaps were the same save for slight differences in smell and color. The company was also accused of using labels which misled the purchaser as to the real sale price of the soap. These practices it is ordered to stop.

Cases in which formal complaints were served also include misleading advertising through similarity of names. One is against a tire sales company dealing in rebuilt tires which has taken a name like that of a company making new tires from raw materials. It is further charged that the respondent company has resorted to unfair methods of competition in coining for a tire it sells the name "Multi-cord" where the other company makes a "multi-mile cord."

The dismissed complaints include seven against coffee and tea wholesalers on the Pacific Coast. The charge was that the dealers lent coffee and urns to hotels and restaurants on condition that the borrowers bought tea and coffee and spices only from lending companies. These cases were dismissed for lack of jurisdiction as interstate



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VICE-PRESIDENT, THE UNION TRUST COMPANY, CLEVELAND, OHIO  
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**BUSINESS MAN:** That honesty welcomes investigation, while reticence creates suspicion and precludes the helpfulness of experience.

**BANKER:** That you shirk your first responsibility, which is to your depositors and stockholders, when you loan their money without full investigation. You even do the borrower an injustice unless you have sufficient knowledge of his business to prevent or mitigate failure.

**CERTIFIED ACCOUNTANT:** That you have not earned your fee from the business man unless you have made it possible for him to save or make more money. That you have not earned the confidence of the banker unless your figures, comments and certification present a true and complete picture.

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Ninety-five per cent of men who go into business fail, because they practice the traditional methods of cost and profit calculation taught in schools. *Failures and Losses can be prevented by use of modern practical methods, as explained in*

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"It is splendid, I shall take pains to recommend it."—Roger W. Babson.

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When you can procure this No. 1724 four drawer, flat top, paneled side, oak

### Weir Letter File for \$20

This new **Weir** 1700 Line is made in 2, 4 and 6 drawer heights in Letter and Cap widths in Golden or Natural Oak, Birch Mahogany at 10% extra. Send for our catalog of Filing Equipment, Filing Supplies and Sectional Bookcases booklet "Filing Suggestions" and name of your nearest **Weir** dealer.

NOTE—Prices asked in this ad apply in North, Central and Eastern States. Consistently low in South and West.



### Sectional Card Index Cabinets

Are the logical answer to an expanding card index system in 2x5, 4x6, 5x8 and 6x9 card sizes. Our catalog gives complete information.



\$22

Stack illustrated consists of one 3x5 Top and three 2x5 Bottom sections and Leg Base. Price in Plain Oak, \$22.00. Price for 4x6 combination, \$26.25. 5x8 combination, \$30.50. 6x9 combination, \$34.75. Quartered Oak and Birch Mahogany trifle higher.

### Weir Utility Cabinets

For holding letter or legal cap papers, also made strong enough to use as an electric file. No. 814 with drawers, Golden or Natural Oak, \$8.00. No. 418 without drawers, \$5.50. Birch Mahogany trifle higher.

### Weir Stationery Cabinets

Are money earners because they are Stationery savers. Compartments for Letter, Cap and Note Size papers, long and short envelopes and drawer for carbon paper, etc. Also made without cover—little lower in price. Golden or Natural Oak or Birch Mahogany.



### A Swinging Stand

Attached to your desk provides additional workable space. Better than slide in desk for holding stenographer's note book while taking dictation.

No. 5 \$4.50

No. 5—Black metal \$4.50; No. 6—Oxidized Copper \$5.00; No. 7—Nickel Plated \$5.00. The 14x18 inch tops in Golden, Natural or Weathered Oak or Birch Mahogany finishes.

### The Weir Manufacturing Co.

32 Union Street, Monroe, Mich.  
New York Office, 52 Park Place

commerce was not involved. They resemble somewhat in the principles involved the oil pump cases in which the Federal Trade Commission order was overruled by the Circuit Court of Appeals. From that decision an appeal was taken to the Supreme Court.

### Books Received

MODERN METHODS IN SELLING, by L. J. Hoenig. The Bobbs-Merrill Company, Indianapolis, Indiana. Price, \$2.50.

A manual of salesmanship, not merely in personal contact but through letters and advertising, with practical illustrations and charts.

OUR UNCONSCIOUS MIND AND HOW TO USE IT, by Frederick Pierce. Dutton, New York. Price, \$3.

A disciple of Freud, adds to a generalization of other volumes, dealing with the preceptor's theory, a chapter in which he endeavors to apply it to advertising and selling.

THE MODERN CITY AND ITS GOVERNMENT, by William Parr Capes. Dutton, New York. Price, \$5.

Observations and conclusions drawn from a study of municipal government in America, east and west, with a discussion of city charters, different types of administrations, public schools, and the cost of government.

HISTORY OF THE SOUTHERN PACIFIC, by Stuart Daggett. The Ronald Press, New York. Price, \$3.

An account of business development in the west and important business problems involved in the financing and building of a great railroad.

THE WORK OF THE STOCK EXCHANGE, by J. Edward Meeker. The Ronald Press, New York. Price, \$5.

An authoritative account of the connection between the stock exchange and American business, written by the economist of the New York Exchange; a lucid discussion of its machinery and functions in which the writer endeavors to avoid controversial issues.

STOCK PARTICIPATION PLANS FOR EMPLOYEES, Bloomfield and Bloomfield, Boston.

A report on the advantages of stock sharing in large industrial corporations

## The Insurance Department

By JAMES L. MADDEN

Manager, Department of Insurance, United States Chamber of Commerce

THE AMERICAN public and American business need no missionary work on the basic need of insurance. They spent about \$3,000,000,000 for protection against loss in 1920. That represents nearly \$30 for each man, woman and child in the United States and is no small part of the national income.

There is need on the part of the business man for a wider knowledge of the relations between legislation and insurance; a better understanding of his insurance contracts, and of the ability of insurance to protect him against various types of losses by policies and conservation services. It is along these lines, and the giving of individual services on particular problems, that the Insurance Department of the United States Chamber of Commerce purposes to work.

### Business and Legislation

TIMELY legislative questions include those having to do with investments of reserve funds. The law frequently specifies just how such funds may be invested. The security of these investments is of vital importance to business, because claims are paid from these funds. Sometimes attempts are made to have legislation passed which may adversely affect the security and earning power of them. This is a serious matter because it strikes at an extremely important part of insurance service, the funds depended on by the business man in time of need.

One class of insurance companies paid in 1920 more than 5 per cent of their net premiums received for taxes. In one large state the insurance companies in one year paid in taxes \$1,724,047, more than was necessary for the conduct of the State Insurance Department. This money was used for state purposes other than insurance. The ratio of insurance taxation has been increasing. This is of vital importance to business, because in the final analysis it and the public pay these taxes.

Industries with branches in several states know about the variation of the compensation laws. There is a definite need for more uniformity in the field of state workmen's compensation laws.

These are some of the legislative matters which require the attention of business men. The United States Chamber of Commerce, through its Insurance Department, will present the facts to them. When they give expression to their wishes through the referendum, constructive steps will be taken to help put them in effect.

### Education

IT IS elementary to say that a business man's interest in a machine does not end with its purchase. The machine must be understood and used. It ought to be equally elementary to say that the same thing applies to an insurance contract. At regular intervals it is advisable to have the contract read in order to be sure the various features are not forgotten and the services available are being utilized to the fullest extent.

The service built by insurance for policy holders is aimed at the conservation of portions of national waste. Today we find a broader and more complete service for protecting loss of man power or of property than ever before. But we know:

(a) In 1920 there were more than 1,000,000 deaths in the United States. Life conservation work indicates that approximately more than one-third of these deaths might have been postponed to subsequent years.

(b) The fire loss in 1920 reached the enormous sum of \$500,000,000. Every bit of productive energy represented by this sum is gone forever. Fire conservation methods clearly indicate that much of this loss should never have occurred.

(c) It was estimated the country loses the production of 3,000,000 workers every working day on account of illness. Experts tell us that nearly one-half of this may have been prevented or cured through simple precautions or treatment.

(d) Mr. Hoover states that 575,000 accidents occur each year and involve a disability of more than four weeks. Included in this number are 23,000 deaths. A large steel organization is reported to have saved hundreds of thousands of dollars yearly by intelligent conservation measures.

Business is vitally interested in these matters. By active support in the various com-



munities, it is possible for it and insurance to get together, reduce this waste and make money out of it. Risks and rates run very close together. With a decrease of risk comes lower rates.

Employers of labor can do much good work to further this program. Those who have provided various forms of insurance for their employees may see that the benefits are understood. Group insurance is only partly productive where the employees do not understand it.

In order to help bring about a more thorough idea of just what insurance is and how it can be used to best advantage by the business man, the United States Chamber of Commerce, through its Insurance Department, will carry on a systematic campaign of education. This will be done in cooperation with the many local Chambers of Commerce and other associated organizations. In the course of this campaign the Department will look upon the various fields of insurance through the glasses of laymen.

### Individual Service

THERE are many questions constantly arising in the course of planning business policies and operations. Before coming to a decision an executive naturally looks at the negative side and the possibility of protection against losses. The Chamber of Commerce of the United States invites correspondence through the local chambers, or direct on these matters.

A technical research organization will answer questions relative to insurance or prepare special reports on matters involving various forms of protection against loss. These will present the facts relative to the particular question under consideration, but will leave the interpretation of them to the member. Only the membership of the United States Chamber of Commerce, through the referendum, can state an opinion binding upon the Chamber.

Every effort will be made to assist those interested in various kinds of conservation work with specific outlines, programs and suggestions on such matters as safety campaigns, good health movements, and fire prevention work in industry and municipalities.

It is hoped that by bringing Business and Insurance together more closely, there will be a more thorough understanding and greater appreciation of insurance as a business asset.

### The Money Question Again

THE fiat money question refuses to admit that it has been definitely settled. Recent proposals of Henry Ford and the inquiries sent out by Thomas A. Edison have put new life into the controversy.

THE NATION'S BUSINESS has followed the argument closely, presenting in the May number Darwin P. Kingsley's answer to the Edison questionnaire. Our treatment of the subject brings forth a protest from one of our readers, S. P. Panton, of Casper, Wyo. Mr. Panton says in part:

It is probable, as you say, that Mr. Edison recalls experience with the greenbacks, as I do. No doubt he knows that during the four years of adequate circulation, 1863-66, bankruptcy became a lost art, tramps were unknown, and as stated by Hugh McCulloch in his Treasury report for 1865, "individual indebtedness almost disappeared."

This was the only time in the history of the nation that the people enjoyed such a high measure of solvency and real prosperity. The adverse experience which falsified history now attributes to the greenbacks was, as in every period of adversity, caused by destroying the



Part of Seattle's Fishing Fleet

## Seattle—Fisheries Center

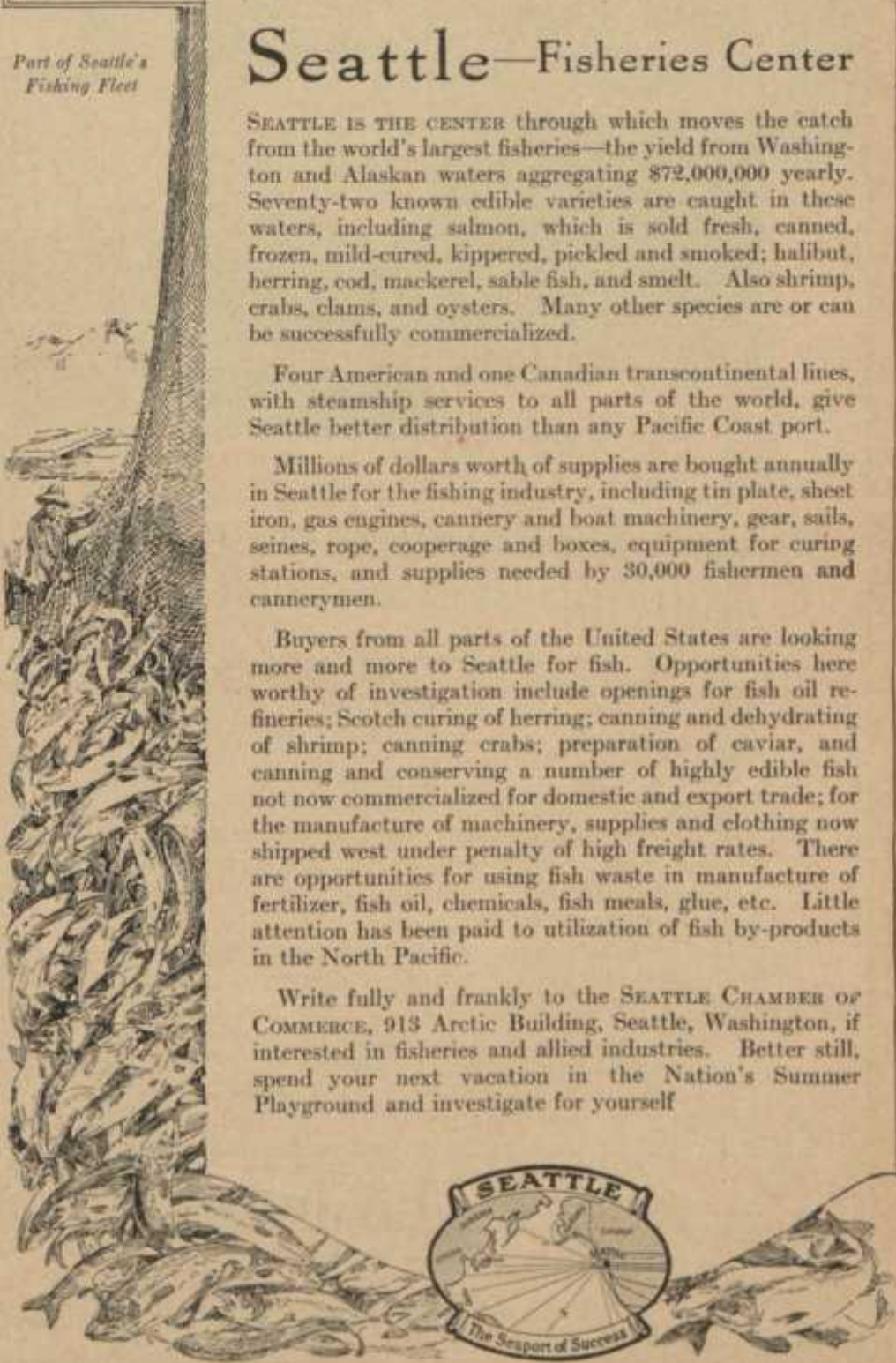
SEATTLE IS THE CENTER through which moves the catch from the world's largest fisheries—the yield from Washington and Alaskan waters aggregating \$72,000,000 yearly. Seventy-two known edible varieties are caught in these waters, including salmon, which is sold fresh, canned, frozen, mild-cured, kippered, pickled and smoked; halibut, herring, cod, mackerel, sable fish, and smelt. Also shrimp, crabs, clams, and oysters. Many other species are or can be successfully commercialized.

Four American and one Canadian transcontinental lines, with steamship services to all parts of the world, give Seattle better distribution than any Pacific Coast port.

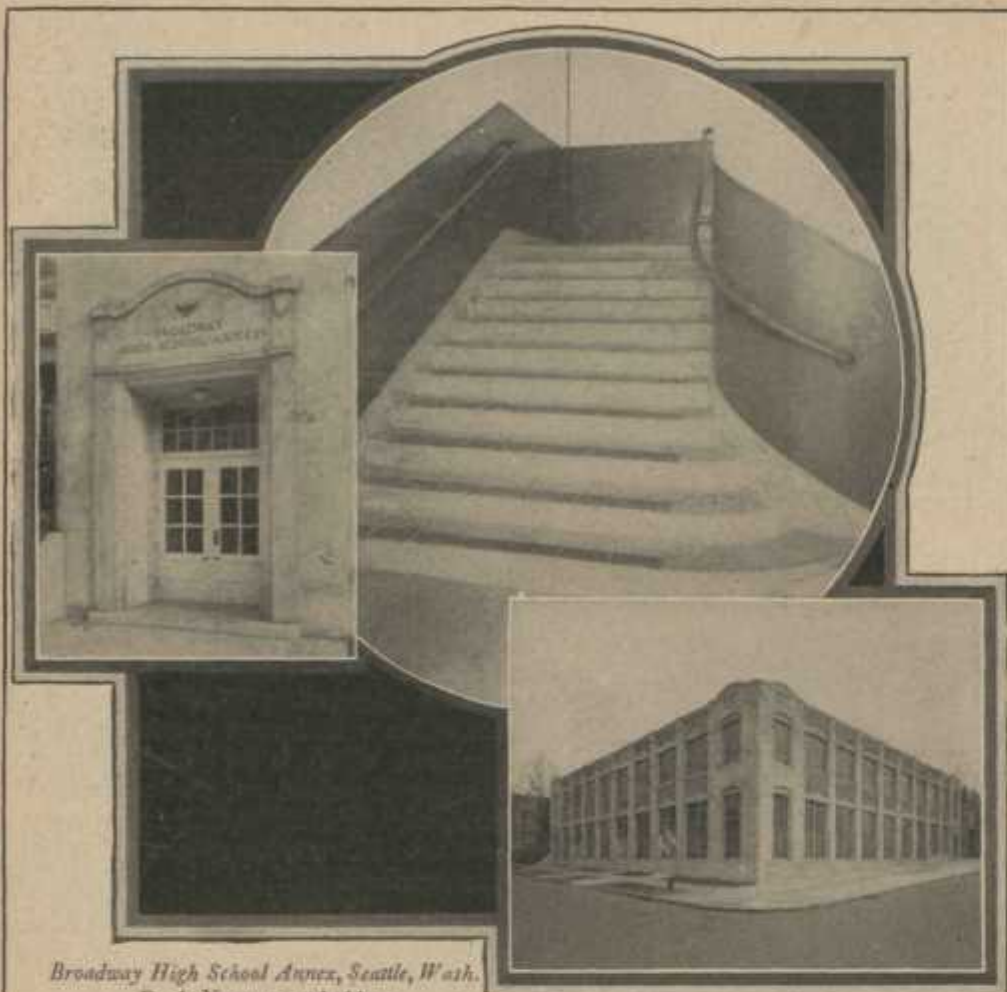
Millions of dollars worth of supplies are bought annually in Seattle for the fishing industry, including tin plate, sheet iron, gas engines, cannery and boat machinery, gear, sails, seines, rope, cooperage and boxes, equipment for curing stations, and supplies needed by 30,000 fishermen and cannerymen.

Buyers from all parts of the United States are looking more and more to Seattle for fish. Opportunities here worthy of investigation include openings for fish oil refineries; Scotch curing of herring; canning and dehydrating of shrimp; canning crabs; preparation of caviar, and canning and conserving a number of highly edible fish not now commercialized for domestic and export trade; for the manufacture of machinery, supplies and clothing now shipped west under penalty of high freight rates. There are opportunities for using fish waste in manufacture of fertilizer, fish oil, chemicals, fish meals, glue, etc. Little attention has been paid to utilization of fish by-products in the North Pacific.

Write fully and frankly to the SEATTLE CHAMBER OF COMMERCE, 913 Arctic Building, Seattle, Washington, if interested in fisheries and allied industries. Better still, spend your next vacation in the Nation's Summer Playground and investigate for yourself







Broadway High School Annex, Seattle, Wash.  
F. A. Naramore, Architect  
Alundum Safety Tile Used on All Interior  
Stairs

## Modern School Practice Requires Slip-proof Construction

Making stairs and hallways safe for careless children has been a big problem. Stairways, ramps, floors and walks must and can be made safe for flying feet, even in wet weather.

ALUNDUM SAFETY TILE will prevent the slips and falls that invariably occur on ordinary surfaces. School buildings throughout the country are being equipped with this slip-proof, indestructible tread on steps and floors of every kind. Made in different colors and used either alone or in combination with other tiles to produce a slip-proof surface.

It never wears smooth and will last as long as the building. It is economical. Data for architects and other information may be obtained on request.

[T-37]

## NORTON COMPANY

Worcester, Mass.

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money and depriving the people of a medium of exchange.

If you will look up the real history of assignats you would learn that they commanded a premium over coin until William Pitt, with some 300 print shops working double time manufacturing counterfeits, flooded France with them by aid of emigres. As further proof of this British scheme of destroying the enemy by counterfeiting his money, read Thomas Paine's letter to General Sir William Howe, roasting him for his meanness in flooding the colonies with "forgeries" of the continental currency. And as to John Law you could learn that after he was deposed and the Regent issued large volumes of money against Law's strenuous protests, it still maintained parity with coin until confidence was destroyed by a law reducing the face value of the notes.

You think Mr. Edison begins to realize that "no medium of exchange not convertible on demand into gold can ever maintain its parity." You surely don't believe that. Can you bring up any instance, in any country, of an inconvertible paper currency made receivable for all dues on an equality with gold or coin or any other named standard, failing to maintain parity with said standard? Can you conceive of a people lacking confidence in the ability of a government to receive any one form of money at par with any other?

Did you not in 1896 witness a most striking demonstration of the fact that no power can dislocate the parity of two forms of legal tender? There was the most tremendous combination of forces to discredit, destroy confidence in and depreciate the silver dollar which is not legally redeemable in nor exchangeable for gold. For several years we saw the Government, the banks, the press, the pulpit, the college economists, and a host of calamity howlers combined in this gargantuan effort, which so absolutely failed that silver dollars commanded a premium in every emergency. You must surely realize that if silver bullion had been worth only \$1 a ton the result would have been the same, the commodity value having nothing to do with the money value. This experience should fix in your mind the Supreme Court decision which concluded: "We repeat, money is a printed legal decree."

You might bring up another example in the inconvertible notes of the Bank of Venice, which history tells us maintained parity with coin for 500 years.

But above all you would convey some interesting information to your readers by pointing out some country where any medium of exchange can be converted into gold on demand. Possibly there might be some excuse for the statement as to Mexico, but I don't know. What we do know is that, so far as the American people at large are concerned, their paper money is as strictly inconvertible as that of Central Europe. Since the F. R. banks requisitioned all the gold for cold storage in a central reservoir, there has been no gold at large for redemption of gold certificates or other paper. You would have a fine experience trying to extract \$500 or \$1,000 gold from any bank in these western states. Last December a leading merchant in Billings, Montana, told me of the trouble he had in procuring a \$5 coin for his little girl. He tried several banks in vain; was cross-questioned as if conspiring against the nation; and finally obtained it on promising that he wouldn't melt it. Occasionally a bank gets a few gold coins from some private hoard that is broached on spur of necessity. But the pretense that this nation is on a gold redemption basis is just as fraudulent as the unlimited issues of bonds promising payment in gold coin that doesn't exist and can't be procured. . . .

You show how Czechoslovakia suffers from doubling the gold value of her money by drastic contraction. This put an immediate embargo of 100 per cent on her exports. By doubling the cost of her money she doubled the cost of her goods to outsiders, thus paralyzing her export trade and her industries. Exactly as



was done here by the E. R. Board and Treasurer Houston, but you actually publish as a fact the statement of an ignorant midwest newspaper that our "slump" was "as natural as it was inevitable." An act of God! The most sensible article in the issue is no doubt that of Colonel Delafield, who understands exchange. . . .

You can't get anywhere by ridiculing Ford and Edison, who are evincing a much higher order of intelligence than is to be discerned among your bankers and college economists. And they are honest. They know that money is the tool of trade—the machine that should sustain and increase the business of the people. But they see that, as Arthur Kitson of England put it: "The business feet of the nation must be amputated to fit the shrunken financial boots." They know that to cut out half the money has exactly the same effect on business as taking half the machinery from a cotton factory would have on its productive capacity. . . .

**STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of The Nation's Business, published monthly at Washington, D. C., for April 1, 1922.**

City of Washington, District of Columbia, ss. Before me, a Notary Public, in and for the City and District aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the editor and general manager of The Nation's Business, and that the following is, to the best of his knowledge and belief, a true statement of the ownership and management of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 441, Postal Laws and Regulations, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Chamber of Commerce of the United States, Mills Building, Washington, D. C. Editor, Merle Thorpe, Mills Building, Washington, D. C. Managing Editor, P. S. Tisdale, Mills Building, Washington, D. C. Business Managers, None.

2. That the owners are: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors.

The officers and directors are as follows:

President, Joseph H. DeFrees, Chicago, Ill.; Resident Vice-President, Elliot H. Goodwin, Washington, D. C.; Vice-Presidents, A. C. Bedford, New York City, William Butterworth, Moline, Ill., Philip S. Tuley, Louisville, Ky., Maynard McFie, Los Angeles, Calif.; Secretary, D. A. Skinner, Washington, D. C.; Treasurer, John Joy Edson, Washington, D. C.; Directors: Max W. Babbs, Milwaukee, Wis., J. H. Bloedel, Seattle, Wash., A. J. Brossseau, Allentown, Pa., O. M. Clark, Portland, Ore., John M. Crawford, Parkersburg, W. Va., Clyde C. Dawson, Denver, Colo., William J. Dean, St. Paul, Minn., Howard Elliott, St. Paul, Minn., Darr E. Felt, Chicago, Ill., Charles C. George, Omaha, Neb., Edwin C. Gibbs, Cincinnati, Ohio, William T. Hines, Bridgeport, Conn., Clarence H. Howard, St. Louis, Mo., A. L. Humphrey, Pittsburgh, Pa., Charles S. Keith, Kansas City, Mo., Frank Kell, Wichita Falls, Tex., James S. Kemper, Chicago, Ill., Wesley F. Morse, Woonsocket, R. I., Andrew C. Pearson, New York City, Lewis E. Pierson, New York City, John L. Powell, Wichita, Kans., Harry A. Smith, Hartford, Conn., Frederick C. Richmond, Salt Lake City, Utah, J. H. Ross, Winter Haven, Fla., M. J. Sanders, New Orleans, La., Paul Shoup, San Francisco, Calif., George Ed. Smith, New York City, John W. Stales, Detroit, Mich., Lewis B. Stillwell, Lakewood, N. J., Ernest T. Trigg, Philadelphia, Pa., Henry M. Victor, Charlotte, N. C., Frederick B. Wells, Minneapolis, Minn., Theodore F. Whitmarsh, New York City, Thomas E. Wilson, Chicago, Ill.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

MERLE THORPE.

Sworn to and subscribed before me this 14th day of April, 1922.

(Seal)

LACEY C. ZAPP, N. P.

(My commission expires Sept. 28, 1922.)



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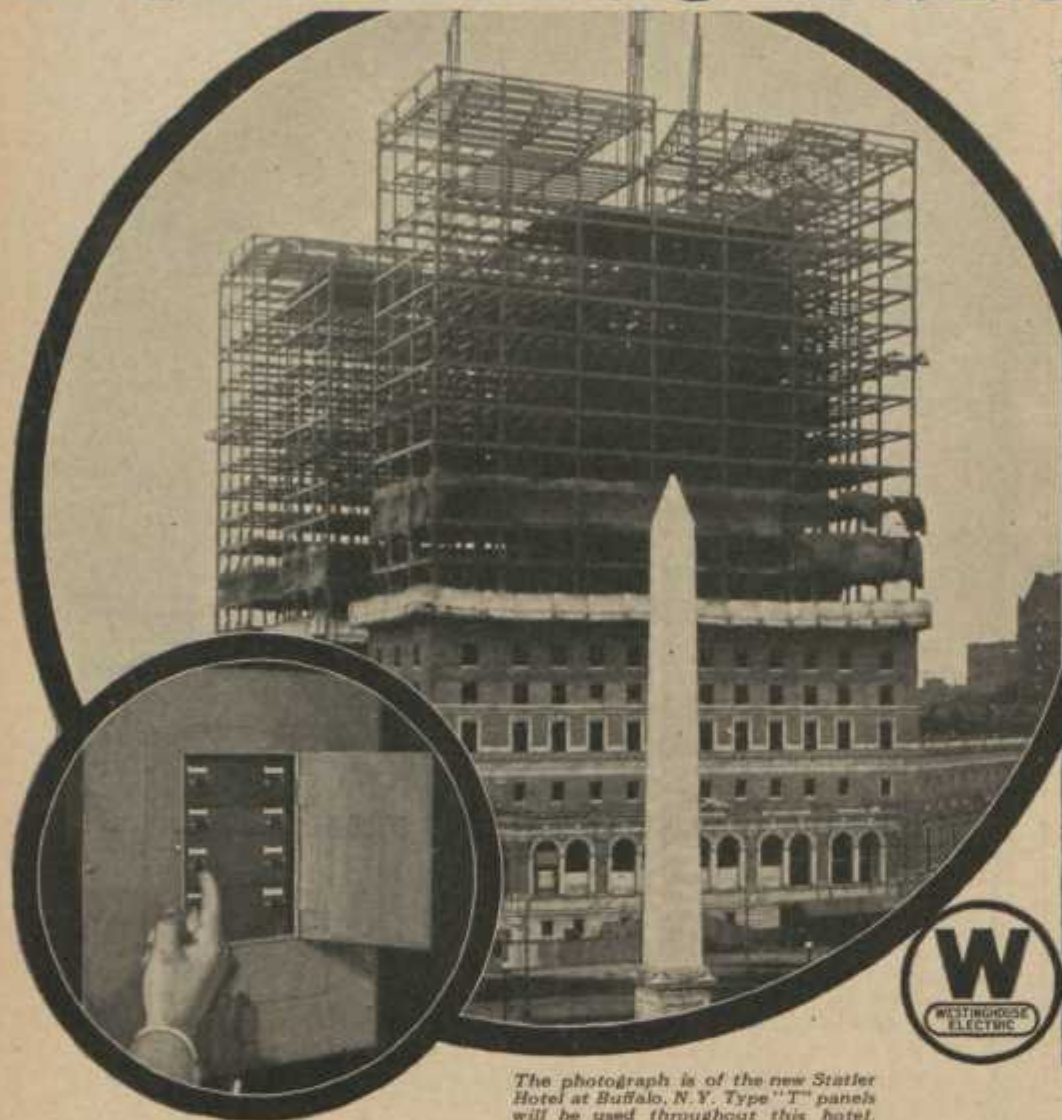
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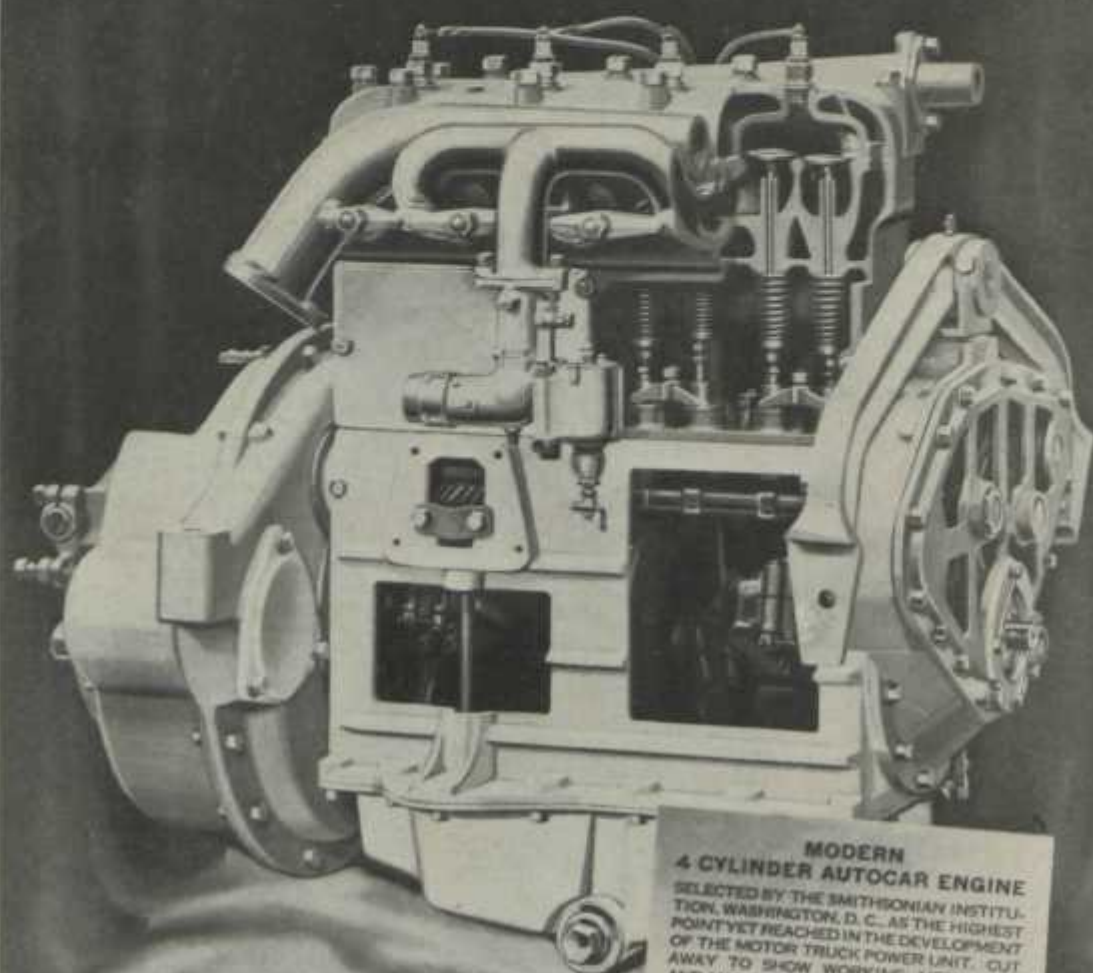
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